

Scottish Local Authorities Remuneration Committee

Review of Remuneration Arrangements for Local Authority Councillors

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Chairman: Ian Livingstone, CBE, BL, NP

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To:

*Tom McCabe MSP
Minister for Finance and Public Service Reform*

- 1 I have pleasure in presenting the first report of the Scottish Local Authorities Remuneration Committee.
- 2 Devising new remuneration arrangements for councillors has been a challenging but interesting process.
- 3 As an independent statutory Committee, we have endeavoured to take an objective view and develop arrangements that are based on fact and robust opinion, not on assumption and conjecture. We have also adhered to the criteria you set for the Committee, ensured that these key principles were reflected in our consideration of the issues, and are reflected in our final advice.
- 4 The research work carried out on the Committee's behalf has been important in allowing us to consider the assimilated views of many councillors, council officers, and members of the public.
- 5 The package we have developed recognises the various roles carried out by councillors, and the weight of responsibilities attached to these roles, including senior posts in councils' political management structures. Notwithstanding the cost implications, the package we are proposing is fair, transparent, and offers councils flexibility within a sensible framework. It is also straightforward and easy to understand.
- 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 allowing us to tackle some complex issues. I am grateful to all members of the Committee and its Secretary for their support, advice and counsel.

Ian Livingstone
January 2006

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CHAPTER I – INTRODUCTION AND CONTEXT OF OUR REVIEW

I.1 The Scottish Local Authorities Remuneration Committee (SLARC) was established under the provisions of the Local Governance (Scotland) Act 2004.

I.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
Gary Cox, Secretary to the Committee

I.3 Biographical notes for each Committee member are given at Annex D.

I.4 The Committee's remit and requirements were set by the Minister for Finance and Public Service Reform. Requirements under section 13(2)(b) of the Act were issued to the Committee on 8 February 2005, as follows:

- *1. The Scottish Ministers, in exercise of the powers conferred by section 13(2)(b) of the Local Governance (Scotland) Act 2004 ("the Act"), and of all other powers enabling them in that behalf, hereby require the Scottish Local Authorities Remuneration Committee ("the Committee") to review, and prepare and submit to the Scottish Ministers advice in relation to the matters specified in paragraphs 2 and 3.*

Matters which shall be subject to advice by the Committee

- *2. The matters specified are the payment by local authorities of remuneration (including pensions) and allowances to and reimbursement of expenses incurred by members of local authorities.*
- *3. The matters specified are the payment of severance payments (within the meaning of section 12 of the Act) in relation to members of local authorities.*

Criteria by reference to which the Committee is to prepare advice

- *4. In reviewing, preparing and submitting to the Scottish Ministers advice in relation to the matters specified in paragraph 2, the Committee shall do so by reference to the criteria specified in paragraphs 6 to 13 (but not exclusively).*
- *5. In reviewing, preparing and submitting to the Scottish Ministers advice in relation to the matters specified in paragraph 3, the Committee shall do so by reference to the criteria specified in paragraphs 7, 12 and 13 (but not exclusively).*

Cost criteria

- 6. *The effect of the advice, assuming that it has been implemented, upon the total cost incurred by local authorities in respect of the payment of remuneration (including pensions), allowances, and reimbursement of expenses incurred by, members of local authorities.*

Public opinion criteria

- 7. *The Committee shall use reasonable endeavours to secure that its advice, so far as practicable, shall be acceptable to the local government electorate in Scotland, and having regard to their responses to any consultation or publicity by the Committee of the proposals.*

Role weighting criteria

- 8. *The Committee shall take account, in providing its advice, of the results of a role weighting evaluation (as such an evaluation is defined in paragraph 10) instructed by or on behalf of the Committee (but not actually carried out by the Committee or any member of it), and which shall be instructed independently of local authorities and their members in accordance with the requirements of paragraph 11.*
- 9. *The Committee shall proceed on the assumption that in any particular local authority, a sizeable majority of the members represent the local authority such that the total time spent on their responsibilities as members is supplemental to the time spent on their other types of responsibilities, that are not connected with local authorities.*
- 10. *A role weighting evaluation for these purposes shall assess the time commitment required by the members of local authorities in accordance with their particular responsibilities or offices, and shall make comparisons with any other professions or occupations that the person carrying out the evaluation considers may be comparable with the responsibilities of a member of a local authority.*
- 11. *The role weighting evaluation shall be undertaken without influence from any local authorities or their members or from any other organisation or person that is representative of local authorities or of their members.*

Population size criteria

- 12. *The Committee shall not exclusively have regard to the population size of any local authority.*

The attractiveness of severance payments in relation to remuneration

- 13. *In providing its advice on proposed levels of severance payments, the Committee shall have regard to the attractiveness of such levels to members of local authorities, when compared with the proposed levels of remuneration, allowances and reimbursement of expenses that it advises are appropriate.*

Sources of evidence

- 1.5 We considered it important to seek views from those who will be directly affected by our recommendations. We therefore held meetings at an early stage with the Convention of Scottish Local Authorities, the Society of Local Authority Chief Executives, the National Association of Councillors and with representatives of nine councils. This allowed us to gather a wide range of views and opinions that helped us to shape and develop our thinking.

Research commissioned

- 1.6 We commissioned three pieces of research work to assist us in our work. The MORI Social Policy Monitor allowed us to ask questions on the public's attitude to councillors' remuneration. The Survey of Scottish Councillors' Workload and Analysis of Councillors' Weight of Responsibilities carried out by Hexagon Research and Consulting allowed councillors and others opportunities to respond to questions about their role as a councillor, the weight of responsibilities held, and the time commitment involved.

Acknowledgements

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

Aberdeenshire Council
Convention of Scottish Local Authorities
City of Edinburgh Council
Falkirk Council
Glasgow City Council
The Highland Council
Midlothian Council
National Association of Councillors
North Lanarkshire Council
Orkney Islands Council
Scottish Borders Council
Society of Local Authority Chief Executives
The Secretaries to the Strathclyde Police and Strathclyde Fire Joint Boards

- 1.8 We are also grateful to those who took part in the research projects commissioned by the Committee, and to Paolo Vestri and his team at Hexagon Research and Consulting for carrying them out within a challenging timetable.

CHAPTER 2 – SUMMARY OF PROPOSED REMUNERATION PACKAGE

2.1 The following allowances should be abolished:

- Basic allowances (recommendation 1: p 5)
- Special Responsibility Allowances (recommendation 1: p 5)
- Civic allowances (recommendation 16: p 29)
- Day subsistence allowances (recommendation 18: p 29)
- Overnight subsistence allowances (recommendation 18: p 29)

2.2 The new remuneration package should comprise:

- A salary for basic councillors set nationally (recommendations 2 & 3: pp 6 & 12)
- Higher salaries for council leaders set nationally (recommendation 4: p 16)
- Higher salaries for a specified number of senior councillors, set by councils within a national framework (recommendation 5: p 19)
- Separate arrangements for senior positions on joint boards (recommendations 6 & 7: p 21)
- A mandatory role description and personal development plan for all councillors (recommendation 8: p 23)
- New powers for the Standards Commission in respect of councillors' remuneration (recommendation 9: p 23)
- Membership of the Local Government Pension Scheme if a councillor wishes (recommendations 10 & 11: pp 25)
- Reimbursement of receipted expenses necessarily incurred (recommendations 12-21: pp 27-30)
- The statutory severance scheme for councillors choosing to stand down at the next election (recommendations 22-24: pp 33-34)
- Arrangements which are subject to future reviews (recommendations 25 & 26: p 41)

CHAPTER 3 – SALARIES

Current arrangements

- 3.1 All councillors are currently entitled to receive a maximum basic allowance of £6,102, £6,712, or £7,321, depending upon the population of their council area.
- 3.2 In addition, many councillors receive special responsibility allowances (SRAs), set at various levels, for carrying out particular roles in the council. Typically, SRAs are paid to council leaders or conveners, conveners or chairs of council committees, deputy conveners of council committees, cabinet members, provosts, conveners of area committees, and a range of other posts specific to individual councils. The rates for SRAs are set by councils. In some councils all councillors, or a significant majority of councillors receive SRAs. In a small number of councils, a 'civic allowance' is also paid to some councillors.
- 3.3 This combination of basic allowances, SRAs and civic allowances means that the average annual income for councillors in the financial year 2004/05 ranged from £9,429 in one council to £19,474 in another. The average for Scotland was £14,171 (based on information provided by councils as at 30 November 2005). Full details of each councils' spend on councillors' allowances are given in Chapter 7.
- 3.4 We have a number of concerns about these arrangements:
- The level of the basic allowance does not reflect adequately the level of responsibility held by councillors.
 - The population of a council area does not have a bearing on the workload of basic councillors to such an extent that three different rates of basic allowance are necessary.
 - Some councils overuse SRAs. The fact that all councillors in a council can have 'special responsibilities' that merit an additional allowance is untenable.
 - We heard on council visits that some councils have chosen to use SRAs to their utmost in order to 'top-up' the basic allowance, with little reference to responsibility held.
 - There are limited safeguards around the use of SRAs and no restriction on the number of councillors who can receive SRAs.
 - There is no consistent picture across Scotland in relation to the levels of SRA paid, or the number of SRAs in each council.
 - The current arrangements are not transparent or easily understood. Although councils are required to publish details of allowances paid to councillors, it is not clear to the public how it is decided which councillors get SRAs.

Recommendation 1: We recommend that basic allowances and special responsibility allowances should be abolished and replaced with a new salary structure.

Salary arrangements

- 3.5 To replace basic allowances and SRAs, salaries should be introduced. Salaries should be based on the role carried out and the responsibilities held by the councillor. To aid the readability of the report we will use the following terms:
- 'Basic councillor' means a councillor with no significant additional responsibilities in the council's policy development or decision making structures.

- 'Senior councillor' means a councillor with significant additional responsibilities, for example a Committee Chair, Cabinet Member, Provost, or leader of a significant opposition group.
- 'Leader' means the leader or convener of the council.

Research findings

3.6 To assist us in reaching a view on the levels at which salaries should be set, we considered the outcome of three pieces of research work. The *Public Attitudes to Councillors' Remuneration* survey gave us some information on how the public viewed the role of a councillor in comparison to a range of occupations. The *Analysis of Scottish Councillors' Weight of Responsibilities* and the *Survey of Councillors' Workload* provided a range of information, comments and opinions, which were helpful in allowing us to reach a view.

Basic councillors

3.7 The *Analysis of Scottish Councillors' Weight of Responsibilities* sought to establish whether there were variations in the weight of responsibilities held by basic councillors, across different sizes of council. The study found that the "key roles and responsibilities of councillors with no additional responsibilities is broadly comparable irrespective of size of authority". That view was also supported by councillors and officers with whom we spoke on council visits. We took account of these findings. New arrangements must be easily understood and we do not see any reason to continue with an arrangement that pays basic councillors different amounts in different parts of the country

Recommendation 2: We recommend that the salary for basic councillors should be the same in all councils.

Consideration of level of salary – guiding principles

3.8 To allow us to reach a recommendation on the level of salary that would be appropriate for basic councillors, we concentrated on five key elements:

- The weight of responsibilities held, and the responsibilities in comparison to other roles or occupations
- The time commitment required to carry out the role
- The need to make council membership a realistic option for many more people
- The public acceptability of our recommendations
- The cost of our recommendations compared to what councils currently spend on councillors' allowances

3.9 These key elements are now considered in turn.

Weight of responsibilities and comparisons with other roles

3.10 The findings from the *Analysis of Scottish Councillors' Weight of Responsibilities* suggested that the salary for basic councillors should be towards the top of the £15,000 to £20,000 range. The *Public Attitudes to Councillors Remuneration* survey showed that although just over 20% of respondents felt that a salary of £20,000 to £25,000 would be appropriate for councillors, most respondents favoured various figures below that range, some as low as £5,000 or under. None of the research work led us directly to a precise salary figure, but it did suggest that the £15,000 to £20,000 range was appropriate.

- 3.11 Importantly, the research did provide comprehensive role descriptions which helped us to consider the different weight of responsibilities held by councillors carrying out different roles, and the core competencies required to carry out these roles effectively. We discuss this later in this chapter.
- 3.12 The criteria set for the Committee required that the role weighting research should *make comparisons with other professions or occupations that the person carrying out the evaluation considers may be comparable with the responsibilities of a member of a local authority.*
- 3.13 The findings of the research work pointed to the potential value of a formal job evaluation exercise and there was some support for adopting this approach. The Committee considered using the job evaluation system developed for local government employees. It agreed however that this could not be used as a means of evaluating the role of a councillor, in comparison with council employees. Many of the factors used to score jobs, such as detailed job descriptions, supervisory responsibilities and supervision received, and level of skills required, could not be applied directly to the role of councillors.
- 3.14 Indeed almost all interviewees considered that there was little comparison between the roles and responsibilities of councillors, and those of other occupations or professions. Whilst there is doubtless some commonality in the roles, responsibilities, and competencies between councillors and other occupations, there are fundamental differences that negate a straight comparison for salary comparison purposes. For example, carrying out the basic councillor role requires no specialist experience or specific qualifications; there are no defined working hours; councillors are elected rather than employed; and they have no direct line-management responsibility for staff. The feasibility of developing a dedicated role evaluation scheme for councillors was therefore rejected on the basis that it could not be done in the timescale available and the costs involved would be substantial in relation to the benefits, if any, which would be gained.
- 3.15 Some councillors and a few officials interviewed equated the roles and responsibilities of councillors more closely with those of backbench MSPs. They argued that the roles and responsibilities are essentially political ones, that they are *“elected on the same mandate, represent ‘constituents’ in the same way and perform similar political and community leadership roles”*. Our view is that the differences between the roles are more significant than the similarities. Although both are elected on the same day and both have similar community representative roles, we do not think there are any other factors which would justify making a comparison. An MSPs role is different to a councillor’s in two important respects: an MSP is a legislator and has a national role. A councillor is responsible for services at a local level. Furthermore, MSPs salaries are set as a percentage of those for MPs. A further link in that chain would essentially mean that local councillors’ salaries would be determined by a body in London which may have little detailed knowledge of the current and changing role of Scotland’s councillors.
- 3.16 An alternative suggested by a number of those interviewed, was to compare the role of a councillor to that of members of Non-Departmental Public Bodies (NDPBs). Again it is a comparison that is difficult to sustain. First, NDPBs vary greatly in terms of size and responsibilities, from the smallest advisory committee, to large organisations such as NHS Boards. Further, while large NDPBs such as NHS Boards may superficially be seen as a comparator, the arrangements that generally apply to them – for example, payment of daily fees or a salary based on a set time commitment of ‘x’ days per week – are not suitable for councillors. The tasks performed by members of NDPBs may be similar in some respects to those of councillors, but NDPB members are not directly accountable to

the electorate, do not have the same community representation role, nor is their time commitment generally as onerous as that of a councillor. They are also appointed following application and interview.

- 3.17 We therefore concluded that there is no valid comparison between the role of a councillor and other roles or occupations, including members of NDPBs.

Time commitment

- 3.18 The time commitment given by councillors has frequently been raised in debates around how much councillors should be paid. *The Survey of Scottish Councillors' Workload* shows that basic councillors estimate that they spend 32 hours per week on council business. Although this is less than the number of hours that would typically apply to a full-time job, it still represents a significant commitment, which includes evening and weekend working.
- 3.19 We noted that the debate around the time commitment of councillors has been clouded by a confusion over the time that may be **given** by some councillors, and the time that may actually be **required** to carry out the role effectively. We understand the context, confirmed by the research, in which some councillors devote a generous amount of time to their role, where their personal circumstances allow them to do so. That commitment is laudable.
- 3.20 However, we are concerned that surveys of this nature generate a perception that the role is one for which working very long hours is an absolute requirement. This acts as a barrier to more people considering becoming a councillor. The role of a basic councillor **should** be compatible with holding other responsibilities, for example, employment, voluntary work, and caring responsibilities. Indeed on visits to councils we heard examples of councillors with significant responsibilities outwith the council performing their council duties competently and diligently. Unless it is generally accepted that the role of a councillor can be undertaken by people with other responsibilities, attempts to encourage more people to stand for election will continue to be challenging.
- 3.21 This view is supported by the *Analysis of Scottish Councillors' Weight of Responsibilities*. That study found a strong expression among council officers that the role of a basic councillor does not have to be, nor should be, a full-time commitment. Councillors were more divided although a majority still argued that it was not necessary or desirable to be full-time. It was generally accepted that a full-time culture could frustrate efforts to encourage a wider cross section of the community to consider council membership as a serious option open to them.
- 3.22 One of the criteria to which we must work states "*in any particular local authority, a sizeable majority of the members represent the local authority such that the total time spent on their responsibilities as members is supplemental to the time spent on their other types of responsibilities, that are not connected with local authorities*". In other words, for the majority of councillors, the role should not require a full-time commitment and the performance of councillors as advocates and representatives of their community would be improved by balancing this with an alternative role.
- 3.23 This criteria, the findings of the research work, and our own deliberations lead us to a clear conclusion. While the salary for councillors should reward adequately the role carried out, it should not be seen as a 'full-time' salary, the role should **not** be seen as one that requires a 'full-time' commitment, nor should it be seen as a straightforward substitute to an occupation elsewhere.

Indeed, only 36.6% of councillors who responded to the workload survey classified their employment status as 'councillor'. It was also striking that almost 43% of councillors who responded were in employment, whether full-time, part-time or self-employed. The role of a councillor, especially those with no additional responsibilities, should therefore be capable of being adapted and tailored to fit around other commitments.

- 3.24 We noted also the Councillors' Remuneration Progress Group's view that *"adding up the number of hours currently worked is too simplistic a measure when determining remuneration"*. We accept that view. The time commitment currently given should not be our only consideration in reaching a conclusion on the level of salary that would be appropriate, although the time commitment which the research suggests may be required has been taken into account.

Widening access to council membership

- 3.25 In considering the level of salary appropriate for basic councillors, we revisited the recommendations of the Widening Access to Council Membership Progress Group (WAPG). The headline recommendation made in that Group's report asked us to note that a *"decent wage, around the level of the Scottish average annual salary, is necessary in order to widen access"*.
- 3.26 Clearly, encouraging more people to consider council membership is a complex matter. The remuneration package that will be available will not be a panacea that will make councils more representative of the people they serve, nor will it automatically encourage more people to take the first steps towards elected office. Arguably, people should be attracted to the role first and foremost by a desire to serve their community. This public service ethos is the hallmark of a good councillor and we think it is important to retain that. Equally however, the remuneration package should not be a disincentive to council membership.
- 3.27 Therefore, the introduction of a new remuneration package centred on the establishment of a basic salary does have a bearing – alongside the time commitment required – on whether people will see council membership as a realistic option. The need to widen access to council membership has therefore been factored into our consideration of the level at which the salary for basic councillors should be set.

Public acceptability

- 3.28 In addition to the findings of the research work, the criteria given to the Committee requires us *"to use reasonable endeavours to secure that its advice, so far as practicable, shall be acceptable to the local government electorate in Scotland, having regard to their responses to any consultation or publicity by the Committee of the proposals"*.
- 3.29 The *Public Attitudes to Councillors' Remuneration* survey showed that those interviewed had little understanding of the role of a councillor, how much they are currently paid, and how many hours they worked. So we are treating its findings with some caution. Nevertheless, when asked to compare a councillor's role to other occupations, the most common comparators for a basic councillor were a 'community worker', and a 'teacher'. This implied a very wide range of salary from less than £10,000 to more than £30,000.
- 3.30 'Public acceptability' is of course subjective, and we will not know whether the public will find a salary level acceptable until one is in place. However, we are conscious that a majority of those surveyed indicated that a salary **below** £20,000 would be appropriate.

Cost implications

3.31 Finally, we were required to consider the “*effect of our advice, if implemented, upon the total cost incurred by local authorities in respect of payment of remuneration to councillors*”. This did not require us to create arrangements that cost the same as current arrangements, nor did it restrict us to considering only arrangements which cost a certain percentage more. However, we were conscious of the total cost of new arrangements compared to current expenditure, the average amount currently paid to councillors, and the wide range of additional allowances paid to councillors across Scotland. Full details are given in Chapter 7.

Level of salary for basic councillors

3.32 To allow us to reach a recommendation on the level of salary that would be appropriate for basic councillors, we distilled a wide range of information including:

- The findings of the survey of councillors' workload
- The findings of the analysis of councillors' weight of responsibilities
- The findings of the public opinion survey
- The Widening Access to Council Membership Progress Group Report
- The Councillors' Remuneration Progress Group Report
- The views expressed to the Committee at council visits and meetings
- The views expressed to the Committee by CoSLA, SOLACE and the National Association of Councillors
- Arrangements operating in other parts of the United Kingdom

3.33 Our consideration of this information and opinion did not lead us directly to a specific salary figure, or a comparison with other roles or occupations. Indeed, the information available pointed to a variety of different salary levels:

- £10,000 to £30,000 in the public opinion survey
- £12,000 in the Kerley report
- £15,000 to £20,000 in the analysis of councillors' weight of responsibilities
- £20,000 in the Councillors Remuneration Progress Group report
- The average Scottish annual salary in the Widening Access to Council Membership Progress Group Report

3.34 We were also mindful that the current average 'salary' for councillors (comprising the basic allowance, any SRA, and any civic allowance) is £14,171.

3.35 Nevertheless, these studies did allow us to consider factors which are important and directly relevant to determining a salary figure.

3.36 Although a fairly wide range of figures were suggested we considered it important that the salary level should strike the right balance between widening access and being acceptable to the public, while still being fair to councillors. The model of setting the salary based on the average Scottish annual salary, as recommended by WAPG, has found favour with a number of councils in their responses to the WAPG report. Indeed, the research shows that some councillors went so far as to say that they would have difficulty justifying to their constituents a salary higher than the average salary.

- 3.37 We were also conscious of the point made in research findings that the salary should not be set at a level which attracts people to council membership primarily for financial gain. The desire to serve the community should continue to be the main reason for wishing to become a councillor. As one councillor put it *“being a councillor is not a job or a career, it is a political vocation”*.
- 3.38 In light of these views, we decided that the median Scottish salary should be our first building block in devising new salary arrangements.
- 3.39 The latest available median full-time annual Scottish salary figure is £20,603. (Annual Survey of Hours and Earnings, 2004.)
- 3.40 Although basic councillors estimate they work around 32 hours per week we note that there may be scope for developing more efficient ways of working. Overall, we consider that this time commitment, cited by councillors, is based on the number of hours that may currently be given, rather than a strict assessment of the number of hours that are actually **required** to carry out the role effectively. We acknowledge that councillors with different personal circumstances spend more time carrying out their council business. However, we should have regard to the minimum times that may be needed to carry out the role of councillor effectively, rather than the amount of time that can be given by councillors with no major responsibilities outwith the council.
- 3.41 It is also notable that councillors who are in employment estimate that they spend less time – around 28 hours – on their councillor role. We have no doubt that they can still be very effective councillors even though their time commitment may be around 75% of the average working week (according to the Office of National Statistics, full-time workers in the UK are working just under 37.5 hours per week on average).
- 3.42 As noted earlier, we are conscious of the need to widen access to council membership. If we were to recommend that councillors should be paid the median Scottish full-time salary, that would imply that the role is one that requires nothing less than a full-time commitment. That would have a negative impact on efforts aimed at widening access and would also not reflect the requirements of the role. We therefore decided that the salary for basic councillors should not be seen as a full-time salary. This is in line with expectations and practice in other parts of the UK.
- 3.43 Further, we considered the role descriptions and competency framework for basic councillors produced as part of our research work. Our assessment of the duties expected of a basic councillor, including the complexity of the role, the level of responsibility held, and the competencies required were also factored into our consideration of the level at which their salary should be set.
- 3.44 Since we did not rely upon a formal job evaluation which may have led us to a precise salary figure, we consider that the level of salary:
- must be fair to councillors, and meet the criteria to which the Committee must work;
 - should reflect accurately the roles and responsibilities outlined in the role description produced as part of the research work;
 - should encourage efforts to widen access by making clear that the role of a councillor should be supplemental to other roles and responsibilities;
 - should acknowledge the time commitment necessarily required to carry out the role effectively.

3.45 Therefore, the salary should be set at a substantial percentage of the Scottish median annual salary. Taking into account the various factors detailed above we consider that it is fair and reasonable that basic councillors should be paid a salary equivalent to 75% of the Scottish median salary. Using the latest figures available, this would amount to 75% of £20,603 which equals £15,452.

Recommendation 3: We recommend that the annual salary for basic councillors should be £15,452.

3.46 We recognise that when the new arrangements are brought into effect, the median Scottish salary may have changed. We discuss this in more detail in Chapter 8 which deals with reviewing and updating arrangements.

Level of salary for council leaders and senior councillors

3.47 Although we have recommended that Special Responsibility Allowances should be abolished, there is still a need to remunerate adequately those councillors who hold senior positions in the council and whose roles carry heavy or particularly challenging responsibilities.

3.48 Typically, these posts might include the Leader or Convener of the Council, Provost, Cabinet Members, or Conveners or Chairs of major policy or regulatory Committees, and the Leader of a significant opposition group. Depending upon a council's policy development and decision making processes, there may be other posts which have a higher level of responsibility attached.

3.49 It is clear that these senior positions place a greater burden on the councillors who hold them. The outcome of our research work shows clearly that the time commitment given, and the weight of responsibilities held, by councillors in promoted posts is significantly higher than that for basic councillors.

3.50 As such, these roles may be less compatible, or in the case of Leaders of larger councils, incompatible, with having other significant responsibilities outside the council. We therefore consider that it is appropriate to introduce arrangements which would pay these councillors higher salaries, and the levels of these salaries should take into account the scale of the local authority they are leading.

3.51 The principles which we consider 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 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 of the Council should be paid more than any other councillor to reflect the extent of their additional responsibility

- 3.52 Our starting point was to examine the role of council leaders. The evidence suggested the role of a Leader is similar regardless of the size of council, but the weight of responsibilities, including financial responsibilities, differs. The *Analysis of Councillors' Weight of Responsibilities* noted that “*there is a clear differential in weight of responsibilities between council leaders and councillors with significant added responsibilities according to the size and scale of the authority.*” The majority of interviewees maintained that whilst fixed elements must be taken into account – the legislative and other frameworks are the same regardless of the size of authority – the scale of operation of larger authorities, particularly the city authorities, has also to be considered when determining levels of enhanced salaries for council leaders and senior councillors.
- 3.53 We considered a number of options for a ‘sliding scale’ of salaries for leaders from the smallest councils to the largest to ensure some degree of consistency between weight of responsibilities and salary level. Options we examined included different salary levels for all 32 leaders, based on the population and financial turnover of their council. We considered various other banding options based on the same information. The research findings highlighted the possibility of using the banding system currently used for Chief Executives’ pay scales. We also considered the ‘points structure’ and bandings detailed in the CRPG report.
- 3.54 Although our proposals do not replicate either the Chief Executives’ bandings, or the CRPG’s bandings, we have retained the principles of these models and recast them in a pragmatic way. To ensure new arrangements are simple and easily understood, we considered creating fewer bandings, based on information which is already in use. A straightforward, if unsophisticated, link would be to use the population of the council area as a guide but our criteria prevents this. An alternative and more precise guide is Estimated Service Expenditure. This is the total amount that the government calculates each individual local authority will need to spend on services, and is comprised of both Grant Aided Expenditure (GAE) and Special Islands Needs Allowance (SINA). This approach allowed us to create 4 distinct bandings of councils which might generally be regarded as small councils, medium-sized councils, large councils, and the two major city councils. This approach is similar to that adopted in Wales.
- 3.55 The bandings of councils we are proposing for the purpose of determining salaries for leaders and senior councillors are shown in table 1.

Table I – Bandings of councils based on Estimated Service Expenditure (further details are given in Annex B)

Band A – ESE up to £150m	
	Clackmannanshire East Lothian East Renfrewshire Eilean Siar Inverclyde Midlothian Moray Orkney Islands Shetland Islands Stirling
Band B – ESE up to £300m	
	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 – ESE up to £600m	
	Aberdeen City Aberdeenshire Fife Highland North Lanarkshire South Lanarkshire
Band D – ESE over £600m	
	City of Edinburgh Glasgow City

Leaders' salaries

3.56 For the leaders of councils we consider 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 a council hierarchy
- Reflect the possibility of introducing a straightforward link to the salary for basic councillors

3.57 Again, the research work and other views did not lead us directly to an exact figure but it did suggest a broad range to over £50,000 for the leaders of the largest councils. Most interviewees agreed that council leaders have more demanding and responsible positions in the larger authorities, especially in the cities, but councillors in smaller councils made strong arguments against such differentials being accorded greater weight. A consistent view, which we accept, was that whilst the legislative and other frameworks are the same irrespective of the size of the authority, the scale of operation of larger authorities and the consequent level of responsibilities have to be taken into account when determining the levels of remuneration that should be paid.

3.58 As we are seeking to maintain the principle that the new arrangements for councillors' remuneration should be simple, there should be a correlation between the salary for leaders and the salary for basic councillors, and it should not be set by individual local authorities. This is the approach taken in a number of councils in England. Furthermore, we wanted to avoid creating an arrangement, similar to the current SRA arrangements, where leaders (and other senior councillors) in similar sized councils are paid a very wide range of different amounts.

3.59 In respect of time-commitment, the research findings show that council leaders spend significantly more time carrying out their role compared to basic councillors. Council leaders who responded to the survey estimate that they spend 54 hours per week on council business, of which 40 hours is during weekdays. Interviews showed that the time commitment can often be more than that. We consider that this level of commitment makes it unlikely that a council leader's role is compatible with holding other significant responsibilities, particularly paid employment.

3.60 While the research studies found that it was not possible to quantify the relative weight or significance of decisions taken by councillors of varying grades, the role profiles and competencies framework identify the key areas where leading councillors have more responsibility. They show that council leaders are expected to play more demanding roles in relation to providing leadership, vision and political direction, and that consequently they shoulder greater responsibility and associated risk. The role descriptions at Annex A show this clearly.

3.61 In view of the heavy responsibilities carried, and the required time commitment of a council leader, we consider it reasonable that leaders' salaries be linked to 100% of the Scottish median salary, rather than the lower percentage which we have applied to basic councillors.

3.62 The difference in the weight of responsibilities held by a basic councillor compared to a council leader suggests that there should be a significant differential between the respective salary levels for these posts. The aggregation of competencies shown in the *Analysis of Councillors' Weight of*

Responsibilities indicates that there are distinct differences in the level of competency expected of councillors in different positions in relation to personal skills, policy making skills, and knowledge. The scoring exercise in this research showed that if a basic councillor was scored at 100%, the competency score for senior councillors would be 137.5% and leaders' score would be 175%.

- 3.63 We have also considered arrangements that are in place elsewhere and consider it reasonable that a leader's salary should be **at least** 50% more than that for a basic councillor. We have taken that into account in determining a salary for leaders of councils in band A. The leaders of councils in bands B, C, and D should then receive higher salaries, based on increasing multiples of the Scottish median salary, and having regard to the scale of responsibility held. In addition, this indicates salary levels that are within the competency parameters suggested by the research work.
- 3.64 This approach is fair and reasonable. It reduces the number of salary levels to 4, rather than the wider range that is currently created by the SRA system. It is a simpler approach which better allows the public to understand which councillor is in the pre-eminent position on the council. Above all, it creates salary levels that recognise the scope and scale of the council leader's role and the responsibility held.

*Recommendation 4: We recommend that the following salary levels should be introduced for council leaders (or council conveners where that title is used instead). Salary figures are inclusive of the 'basic councillor' element and are therefore the **total** amount that can be paid to holders of these posts.*

Leaders of councils in band A:	$£20,603 \times 1.5 =$	£30,905
Leaders of councils in band B:	$£20,603 \times 1.75 =$	£36,055
Leaders of councils in band C:	$£20,603 \times 2 =$	£41,206
Leaders of councils in band D:	$£20,603 \times 2.5 =$	£51,508

Senior councillors

Number of councillors that may receive an enhanced salary

- 3.65 In devising arrangements for senior councillors, below the level of council leader, we considered that it was important to find a balance between allowing councils flexibility and maintaining a reasonably consistent approach across the country, while meeting the criteria set for us.
- 3.66 Although the new arrangements will not come into effect until the next council elections, we considered that the current decision-making structures would nonetheless be a reasonable guide to the number of councillors required to fill key positions in the council. We therefore examined the structures, and the current SRA schemes, for a number of councils of different sizes and structures.
- 3.67 This allowed us to determine the number of councillors that, in our view, are needed to carry out these roles in councils in each of the 4 bands. The number of senior councillors we are setting will allow these councils to function effectively, regardless of what structure they may choose to put in place in the future. They are also generally consistent with the findings of the research studies which suggested that the number of councillors receiving enhanced salaries should range from 33% of councillors to just 16%. We have taken this research into account but have not stuck rigidly to these figures. Doing so would make our proposals unduly challenging in a small number of councils. For example, limiting the number of senior councillors to 33% would mean that smaller councils would

need to function with only six senior councillors including the leader. Our recommendations for some councils therefore show 50% of councillors in senior positions and we are fully satisfied that this is necessary to allow these councils to function effectively. Limiting the number of councillors in senior positions in this way also allows us to meet criterion 9 which asks us to “*proceed on the assumption that in any particular local authority, a sizeable majority of the members represent the local authority such that the total time spent on their responsibilities as members is supplemental to the time spent on their other types of responsibilities, that are not connected with local authorities*”.

3.68 We therefore concluded that councils should be able to support the following number of senior positions, including the council leader:

- Councils in Band A – 10 councillors
- Councils in Band B – 15 councillors
- Councils in Band C – 20 councillors
- Councils in Band D – 25 councillors

3.69 Further, we do not consider it reasonable that more than 50 % of councillors in any council should hold a position with significant additional responsibilities. We have therefore adjusted the maximum number of senior councillors in a small number of councils in bands A and B to avoid the situation where the set number of 10 or 15 councillors would be more than 50% of the total number of councillors.

3.70 Councils will note that these arrangements would not allow them to continue to attach enhanced salaries to all those posts which currently merit an SRA. Research findings showed that there was a general view that if the level of basic salary for councillors was higher than the current basic allowance, there would be no need to pay enhanced salaries to those councillors carrying out other duties, e.g. deputy chairs of committees, chairs of sub-committees or area forums. These tasks would be considered part and parcel of the basic councillor role, entitling them to the basic councillor salary.

3.71 We therefore consider 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, the provost, and the leader of any significant opposition party. Of course, councils should determine which posts should receive an enhanced salary. We acknowledge that some councils may feel that specifying a maximum number of councillors who can receive an enhanced salary limits their flexibility. The arrangements we are proposing provide sufficient flexibility within a sensible framework. The research shows that councillors and council officers generally agreed that a higher basic salary should reduce the need for as many enhanced salaries to be paid. Failing to limit the number of councillors who can receive an enhanced salary would therefore leave it open for any council to pay enhanced salaries to most or all councillors, as many do at present. That is a fundamental problem with the current SRA arrangements and we are therefore content to make a recommendation that would explicitly prevent that.

Salaries for senior councillors

3.72 To allow councils flexibility to determine the salary level that should be attached to each post, we are proposing a total amount that councils can use, rather than determining exact salaries as we have done for basic councillors and council leaders.

3.73 We consider that there should be a reasonable gap between the leader's salary and that of any other senior councillor; for example, the provost, a cabinet member, or the convener of a major committee. We therefore recommend that no other councillor's salary can be within 25% of the salary of the leader.

3.74 Using this 25% gap, we arrive at the following salary ranges for paying councillors with significant additional responsibilities:

- Band A councils – £15,452 to £23,179
- Band B councils – £15,452 to £27,041
- Band C councils – £15,452 to £30,905
- Band D councils – £15,452 to £38,631

3.75 The allocation from which councils may remunerate senior councillors (other than the leader) is calculated by taking the mid-point between these upper and lower salary levels, and multiplying that by the maximum permitted number of senior councillors (not including the leader whose salary is pre-determined).

3.76 For example, Orkney Islands Council's maximum salary budget for senior councillors can be calculated as follows:

Step 1: Leader's salary =	£30,905
Step 2: minus 25% =	£23,179
Step 3: minus basic councillor salary of £15,452 =	£7,727
Step 4: divide by 2 to establish mid-point =	£3,864
Step 5: plus the basic councillor salary of £15,452 =	£19,316
Step 6: multiply by permitted number of senior councillors (9) =	£173,844

3.77 The council would be permitted to spend a maximum of £173,844 on salaries for nine senior councillors. The council would have complete flexibility to determine which salary levels would be appropriate to recognise adequately the roles which need to be carried out, and the weight of responsibility attached. They could divide the total equally and pay £19,316 to each of the nine councillors. More likely they may wish to pay higher salaries to some (up to the maximum of £23,179) and lower salaries to others, dependent upon responsibilities held, provided they did not exceed the total allocation. It should be noted that unlike the current SRA arrangements, senior councillors' full salaries will need to be met from this total sum of money, rather than only the 'enhanced' element.

Table 2 – Calculation of fund for paying senior councillors

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 allocation
A	£30,905	£23,179	£3,864	£19,316	9*	£173,844
B	£36,055	£27,041	£5,795	£21,247	14**	£297,458
C	£41,206	£30,905	£7,727	£23,179	19	£440,401
D	£51,508	£38,631	£11,590	£27,042	24	£649,008

* except Clackmannanshire and Midlothian (see table 3)

** except West Dunbartonshire, East Dunbartonshire, Angus, and Dundee City (see table 3)

Recommendation 5: We recommend that the number of senior councillors in each council should be as shown in table 3, and the total salary for these councillors should be met entirely from the allocation shown for that council.

Table 3 – Proposed remuneration levels for basic councillors, senior councillors, and council leaders

Council	Total no. of councillors	No. of basic councillors	Basic councillors at £15,452	No. of senior councillors	Allocation for paying senior councillors	No. of leaders	Leaders' salary
Band A							
Clackmannanshire	18	9	£139,068	8	£154,528	1	£30,905
East Lothian	23	13	£200,876	9	£173,844	1	£30,905
East Renfrewshire	20	10	£154,520	9	£173,844	1	£30,905
Eilean Siar	31	21	£324,492	9	£173,844	1	£30,905
Inverclyde	20	10	£154,520	9	£173,844	1	£30,905
Midlothian	18	9	£139,068	8	£154,528	1	£30,905
Moray	26	16	£247,232	9	£173,844	1	£30,905
Orkney Islands	21	11	£169,972	9	£173,844	1	£30,905
Shetland Islands	22	12	£185,424	9	£173,844	1	£30,905
Stirling	22	12	£185,424	9	£173,844	1	£30,905
Band B							
Angus	29	15	£231,780	13	£276,211	1	£36,055
Argyll & Bute	36	21	£324,492	14	£297,458	1	£36,055
Dumfries & Galloway	47	32	£494,464	14	£297,458	1	£36,055
Dundee City	29	15	£231,780	13	£276,211	1	£36,055
East Ayrshire	32	17	£262,684	14	£297,458	1	£36,055
E Dunbartonshire	24	12	£185,424	11	£233,717	1	£36,055
Falkirk	32	17	£262,684	14	£297,458	1	£36,055
North Ayrshire	30	15	£231,780	14	£297,458	1	£36,055
Perth & Kinross	41	26	£401,752	14	£297,458	1	£36,055
Renfrewshire	40	25	£386,300	14	£297,458	1	£36,055
Scottish Borders	34	19	£293,588	14	£297,458	1	£36,055
South Ayrshire	30	15	£231,780	14	£297,458	1	£36,055
W Dunbartonshire	22	11	£169,972	10	£212,470	1	£36,055
West Lothian	32	17	£262,684	14	£297,458	1	£36,055
Band C							
Aberdeen City	43	23	£355,396	19	£440,401	1	£41,206
Aberdeenshire	68	48	£741,696	19	£440,401	1	£41,206
Fife	78	58	£896,216	19	£440,401	1	£41,206
Highland	80	60	£927,120	19	£440,401	1	£41,206
North Lanarkshire	70	50	£772,600	19	£440,401	1	£41,206
South Lanarkshire	67	47	£712,144	19	£440,401	1	£41,206
Band D							
Edinburgh, City of	58	33	£509,916	24	£649,008	1	£51,508
Glasgow City	79	54	£834,408	24	£649,008	1	£51,508

Joint Boards

- 3.78 Many councillors are members of joint boards, such as those responsible for police or fire services. These boards are established by order under section 62B of the Local Government (Scotland) Act 1973. The convener of a joint board may be appointed on a rotating basis from among the board's constituent councils, or may be appointed from one particular council as part of an ongoing understanding between the councils involved. Joint boards stand alone from local authorities and as such we consider that the remuneration arrangements that apply to their senior positions should remain separate from those which relate to the councils on which these individuals serve.
- 3.79 Like the arrangements we are proposing for senior councillors, the joint board should determine the salary that should be paid to these senior positions. We are however proposing that there should be a limit on the level of salary set to ensure a reasonable degree of consistency between the salary paid to senior positions in joint boards, and those paid to senior councillors on councils.
- 3.80 We are therefore proposing that the upper senior salary limits (as shown in table 2) should apply to senior positions on joint boards. The upper limit which should be applied will be that which relates to the highest banded council represented on the joint board. For example, in the Strathclyde Police Joint Board, the Board can decide the level of salary that should be paid to its convener, and vice-conveners, up to the maximum senior salary for the highest banded council represented on the Board (in this case, Glasgow City Council in Band D), rather than the maximum senior salary that applies to these individuals' own councils. This will allow the board flexibility to remunerate adequately councillors holding these posts, regardless of the banding applied to their own authority.
- 3.81 We note that Dumfries and Galloway Council and Fife Council are directly responsible for the administration of functions that are the responsibility of joint boards in the rest of the country. To avoid creating an inequality for these councils, we are also content that senior positions, such as the convener and vice-convener of the council committees that are responsible for police and fire services should be separate from the arrangements we have recommended for other senior councillors. However, the maximum senior salary for these councils would apply.
- 3.82 The cost of salaries for senior councillors on a joint board should be met in part by the joint board, and in part by the individuals own authority (as applies to the current basic allowances and SRAs). For example, the current Convener of Strathclyde Fire Joint Board would have £15,452 of his salary paid by South Lanarkshire Council, and anything in excess of that, paid by the joint board.

Recommendation 6: Joint boards should determine the salary to be paid to senior positions on their board. That salary may not exceed the upper senior salary limits (as shown in table 2) that relate to the highest banded council represented on the joint board.

Recommendation 7: For Fife Council and Dumfries and Galloway Council senior councillors responsible for police and fire services should be remunerated separately from the arrangements we have recommended for other senior councillors. However, the maximum senior salary for these councils would apply.

Salary conditions

- 3.83 It is reasonable that the public should be clearer about what they can expect from their councillor. This is particularly important to assist the transition from a complex system of allowances to new salary arrangements which will underpin the principles of openness, transparency, and accountability. A new remuneration package will lead to increased expectations on the level of service the public should be entitled to receive from their councillors.
- 3.84 Although councillors argue that their performance is assessed at the ballot box, it seems reasonable to attach some 'minimum requirements' and conditions to the salary package being offered, not least to emphasise the importance of councillors being trained adequately for the role they are elected to carry out. In addition, the establishment of a compulsory role description and mandatory training may go some way to reassuring people who have considered standing for election but have been unclear about the support they will receive if elected.
- 3.85 We are therefore proposing a series of requirements that should be put in place alongside the new remuneration arrangements. In addition, we would expect individual councils to draw up appropriate implementation and monitoring arrangements to ensure best value within the system.

Role descriptions

- 3.86 We agree with the long-standing suggestion that all councillors should have a role description. Indeed some councils have already developed role descriptions for councillors and have publicised them. Councils should have flexibility to devise role descriptions that are fit for purpose in their area, but they should not be optional for any councillor. The role descriptions at Annex A were developed as part of the research work. Councils may wish to consider these as a basis for developing role descriptions for all their current councillors and ensure that they are developed for all councillors elected at the next elections, if not before then.

Training

- 3.87 The public are entitled to have high expectations of their councillors and feel confident that they are carrying out their role effectively and efficiently. It is important that councillors actively engage with training and development opportunities on an ongoing basis that will help them fulfil their role in a more successful and productive way, and enable them to progress their council career, should they so choose. We therefore recommend that all councillors – including long-serving councillors being re-elected – should participate in a training needs assessment, and agree a personal development plan as soon as possible after election. That plan should be based around the core competencies identified by the research work as being important to the effectiveness of councillors. Again, we do not consider that this should be optional. Personal development will be particularly important in view of the fundamental changes that will be taking place in 2007, and the effect the new electoral arrangements will have on how councillors work.

The need to work differently

- 3.88 We noted that many councillors believe their workload will increase when they are one of three or four councillors representing a multi-member ward. Councillors must respond to this challenge and develop new ways of working which minimise duplication and less productive effort.

- 3.89 Councillors will need to first respect the decisions of the electorate and work closely with other councillors in their multi-member ward. We would be concerned if duplication of effort – for example, four councillors dealing with the same constituent’s case – contributed to a councillor’s workload such that the number of hours required to carry out the role increased substantially. Councillors should therefore establish, with other councillors representing the ward, the most efficient method of representation and sharing of workload within the ward, and adhere to any protocol that may be developed in respect of working in multi-member wards.
- 3.90 The research work also suggested to us that there is scope for reducing significantly the amount of time councillors need to spend dealing with casework that may be more efficiently handled directly by the relevant council officers. It is important in trying to widen access to move away from the perception of some councillors that being on call round the clock is a requirement of the role. We would encourage councillors to make better use of council facilities and processes to help them carry out their role while holding other responsibilities outwith the council.

Councillors who have been suspended

- 3.91 The Committee is aware that the Standards Commission currently has powers whereby they can direct that the salary of a member of a public body can be reduced or not paid in certain circumstances. These powers do not extend to councillors. We are therefore recommending that the Standards Commission’s powers in relation to NDPB members should also apply to local authority councillors.

Recommendation 8: We recommend that all councillors should have a role description, participate in a training needs assessment, and have a personal development plan in place once they are in receipt of the new remuneration package, and that they should strive to find ways of working more efficiently to avoid their role expanding unnecessarily.

Recommendation 9: The Standards Commission should be able to direct that a councillor’s salary be reduced or not paid if, after a hearing, that councillor has been suspended from carrying out any part of their role.

Chapter 4 – Pensions

Current arrangements

4.1 There are no arrangements currently in place to allow councillors to be part of an occupational pension scheme. Councillors who wish to make pension provision must make private arrangements, using part of their basic and special responsibility allowances, or personal funds. Ministers intend that pension provision should form part of the new remuneration package for councillors.

Options considered

4.2 There are two main types of pensions arrangements. These are:

- The **defined contribution scheme** (also known as a money purchase scheme) where a fixed percentage of the salary income of pension fund members is set aside to be invested on their behalf and used to purchase benefits at retirement. These schemes are easy to administer and understand but there are two potential issues. The first is that investments might not perform as well as expected, so the lump sum at retirement is less than expected. The second is that, even if investments perform well, a drop in interest rates when the member retires would make annuities more expensive. It is therefore not possible to determine in advance what benefits will be available at retirement, making future financial planning for the member difficult.
- The **defined benefit scheme** allows the scheme member to know the size of the benefits to be paid at retirement, on the basis of a given period of service and level of salary, and the circumstances in which they are to be paid, e.g. retirement age, retirement on the grounds of ill-health. As with the Defined Contribution Scheme, the level of member contributions is fixed, but in a statutory public service scheme, such as the Local Government Pension Scheme (LGPS – which is the scheme used for Local Government staff) the benefits are guaranteed, the balance of the cost of providing the benefits being paid by the ‘employer’. The members therefore bear none of the financial risk of providing the benefits themselves. A disadvantage of a defined benefit scheme, in terms of assessing the cost to the employer, is that this is dependant upon the number of councillors joining the scheme. In the UK, defined benefit schemes have most commonly been linked to salary at retirement (‘final salary’ schemes) but formulae based on re-valued aggregate salary (also called ‘career average’ schemes) are also used.

4.3 Joining the LGPS would provide consistency, the scheme is longstanding, scheme administration is already in place, staffed by experienced pensions administrators, and the benefits are guaranteed by statute.

4.4 We concluded that a defined contribution scheme for councillors was less desirable as the final level of payment would be unknown. Councillors with the same length of service could retire with different amounts of pension benefits if they retire on different dates. Furthermore, there could be a perceived conflict of interest with a defined contribution scheme, as councils would decide how much to contribute to the scheme. In the case of the LGPS, the statutory regulations governing the scheme require that the employers pay contributions at a level set by the actuaries appointed to the fund by the administering authority. In theory, the employers could pay in excess of the recommended level of contributions, but if they did so the excess would cover all members of the fund, not simply one small group, such as councillors. In practice, local authority employers have never paid employer contributions in excess of the levels recommended by the actuaries.

- 4.5 In any case, because the number of councillor members of the LGPS would be statistically insignificant compared to the total number of members, it would be difficult to imply that councillors could somehow increase employer contributions to the funds solely for their own benefit as contributing 'employees'.
- 4.6 In the case of a defined contribution scheme set up solely for councillors, there could be potential for conflict of interest. Councillors would be in control of a scheme of which they and their colleagues were the sole beneficiaries. Councillors appointed to act as trustees would be responsible for taking decisions concerning investment strategy and levels of employer and employee contributions. No doubt such decisions would be taken on the basis of professional advice from appropriately qualified persons, but it is likely that they would be closely scrutinised, for the very reason that the scheme was for councillors only, with any seemingly questionable decisions being held up to public examination (whether or not the suspicions were justified). Therefore the Committee rejected the possibility of having a scheme for councillors only.
- 4.7 The administrative and financial burden of creating a new pension scheme for a relatively small number of people was also seen as undesirable.
- 4.8 The defined benefit scheme is therefore the most appropriate option. The main aspects of this scheme which we consider important are:
- It provides personal choice to members
 - It will be straightforward to set up
 - It will be straightforward to administer
 - Members will know what they will get on retirement
 - The scheme is statutory so benefits are guaranteed by Government
 - Members will have the choice of being part of the scheme or opting-out
 - Being part of the scheme would not prevent members making additional personal pension provision (e.g. a stakeholder scheme) if they choose to do so

Recommendation 10: We recommend that a defined benefit scheme, in particular the current Local Government Pension Scheme, should be available to councillors.

Recommendation 11: Further, we recommend that:

- *The Local Government Pension Scheme for councillors should apply the same normal retirement age as others in the scheme.*
- *Members contributions would be set at 6% of earnings, the same as for other members of the scheme, and normal employers' contributions would apply.*
- *As with other members of the scheme it will allow for the possibility of buying extra years from their entry into the scheme.*
- *Calculations should be based on career average rather than final salary to reflect the possibility that councillors may hold positions of responsibility with higher remuneration at various points in their council career.*

CHAPTER 5 – EXPENSES

Introduction

- 5.1 In addition to basic and special responsibility allowances discussed in chapter 3, we have considered the other allowances and expenses that are paid to councillors.
- 5.2 Our view is that expenses should be paid to re-imburse expenditure actually incurred. This would represent a significant move away from the flat-rate allowances that are currently paid. This principle is a common theme that runs through many of our recommendations outlined below.

Eligibility: present position

- 5.3 Travelling and subsistence allowances may at present be claimed for approved duties set out in Section 49 of the Local Government (Scotland) Act 1973. Approved duties are defined as:
- *Attendance at a meeting of the local authority or any of its committees or sub-committees;*
 - *The carrying out of any other duty approved by the local authority, or anything of a class so approved for the purposes of, or in connection with, the discharge of functions of the local authority or any of its committees or sub-committees;*
 - *The performing of any duty as a member of any other body, prescribed by the Scottish Ministers for the purpose, to which the councillor has been nominated or appointed by the local authority;*
- 5.4 In effect this means that travelling and subsistence allowances may be claimed for
- Attending council meetings including committees, sub-committees, working groups etc
 - Attending meetings in the councillor's ward e.g. community councils, school boards etc
 - Carrying out councillors' surgeries
 - Consultation with officers based in the council headquarters
 - Consultation with officers based at other council offices
 - Functions in the councillor's ward to which the councillor has been invited
 - Attending, on behalf of the council, meetings with other bodies, e.g. Local Enterprise Companies, Voluntary organisations, etc.
- 5.5 For the purposes of calculating claims, a councillor's normal place of residence is regarded as his or her place of work, so expenses associated with travel from home to the council headquarters, and other locations to conduct council business, may be claimed. We do not consider it necessary to amend this particular criteria.

Travel by private transport

- 5.6 Current arrangements allow for travel by private car or motorcycle where a set mileage allowance may be claimed. The current mileage allowances for use of private car or motorcycle differs, depending on engine size. We consider that these bandings are very outdated and should be replaced with one rate, in the interests of simplicity. We have also noted that there is no allowance for travel by bicycle and recommend that one should be introduced.

Recommendation 12: We recommend that allowances for travel by private car, motorcycle, and bicycle should be introduced in line with current HM Revenue and Customs rates. The rates should keep pace with any changes made by HMRC. Current HMRC rates are detailed in table 4.

Table 4 – Mileage allowances

Vehicle	First 10,000 business miles in the tax year	Each mile over 10,000 miles in the tax year
Cars and vans	40p + 2p per passenger carried	25p + 2p per passenger carried
Motorcycles	24p	24p
Bicycles	20p	20p

Provision of leased cars

5.7 At present there is no express provision which allows councils to provide leased cars to councillors. In discussion with the Committee, Highland Council noted that some councillors travel very long distances on council business which results in significant mileage claims. In some cases providing a leased car to a councillor would be more cost-effective than paying mileage allowances for use of a private car. This would be a sensible measure, albeit one that may be necessary and appropriate for only for a small number of councillors in large rural authorities.

Recommendation 13: We recommend that councils should be able to provide leased cars for councillors if it is more cost-effective than reimbursing mileage allowance that would be claimed where a councillor used a private car instead.

Any councillor provided with a leased car may claim a mileage allowance for travel on council business, set at a level which covers the cost of fuel and other expenses which the employee may be required to pay for, e.g. top-up oil. We recommend that HM Revenue and Customs' advisory fuel rates should apply, and rates should keep pace with any changes made by HMRC. The rates as at 1 July 2005 are detailed in table 5.

Any councillors provided with a leased car would be required to pay for private use and meet any taxable benefit arising.

Table 5 – Mileage allowances for leased cars

Engine Size	Petrol	Diesel	LPG
1400 cc or less	10p	9p	7p
1401cc to 2000cc	12p	9p	8p
Over 2000cc	16p	13p	10p

Other expenses associated with travel by private car, motorcycle, or leased car

5.8 Councillors may claim costs incurred when travelling by private car, motorcycle, or leased car. Arrangements in each council tend to be similar but in the interests of clarity, and to ensure consistency, we would make the following recommendation:

Recommendation 14: We recommend that councillors should be able to claim other costs incurred when travelling on council business by private car, motorcycle or leased car as follows:

Parking charges – receipted costs of expenses incurred

Road tolls – costs of expenses incurred

Road pricing/congestion charges – receipted costs of expenses incurred

Ferry fares for car, motorcycle, or bicycle – receipted costs of expenses incurred.

Parking fines or tow-away costs will not be reimbursed.

Travel by public transport

5.9 Councillors who use public transport to allow them to carry out their duties are generally able to claim the costs incurred. Again, in the interests of clarity, and to ensure consistency, we would make the following recommendation:

Recommendation 15: We recommend that the following expenses should be reimbursed:

Buses and trams – expenses incurred, including season tickets/passes where this is considered more cost effective than purchasing tickets for individual journeys.

Taxis – receipted cost of fare.

Trains – receipted cost of fare. We do not consider it necessary to specify class of travel but would expect that standard class travel would be used for the vast majority of journeys.

Air travel – receipted cost of fare. We do not consider it necessary to specify class of travel but would expect that economy class travel would be used for the vast majority of journeys.

Ferry travel – receipted cost of fare.

We would further recommend that councillors and local authorities consider cost-effectiveness and value for money when choosing the mode and class of transport for a journey on council business.

Civic allowances

- 5.10 In a small number of councils a 'civic allowance' is paid to Provosts/Lord Provosts, and in at least one case to the council leader. This is generally intended to allow these councillors to meet expenses incurred on items necessary to allow them to carry out their role in an appropriate manner; e.g. formal dress. In other councils the cost of such items is met centrally by the local authority, or reimbursed on an ad hoc basis.
- 5.11 We recognise that some councils may wish to meet the costs of such items but we do not consider flat-rate allowances are appropriate. In particular, we do not think significant flat-rate allowances are compatible with the new salary arrangements that we are recommending. Instead, councillors who necessarily incur such costs – which we would expect to be limited to Provosts or Lord Provosts and their deputies - should be able to claim receipted costs for any items the council considers essential and reasonable to enable these councillors to carry out their roles.

Recommendation 16: The Civic Allowance should be abolished.

Recommendation 17: Provosts or Lord Provosts and their deputies may claim the receipted costs of items the council considers essential and reasonable for them to carry out their roles. In councils with no Provost/Lord Provost positions, these arrangements may apply to the Convener or Leader of the council. Councils should publish details of any such expenditure alongside information published routinely about councillors' remuneration.

Subsistence allowances and reimbursement of costs incurred

- 5.12 At present, subsistence allowances and meal allowances can generally be claimed for set periods of time away from a councillor's home. For example, the current arrangements allow:
- Breakfast allowance of £5.08 for 3 hours away from home before 10:00.
 - Lunch allowance of £6.99 for 3 hours away from home, including all or part of the period between 12:00 and 14:00.
 - Tea allowance of £2.75 for 3 hours away from home, including all or part of the period between 15:00 and 18:00.
 - Dinner allowance of £8.70 for 3 hours away from home ending after 20:00.
 - A rate of £82.53 is payable for an overnight absence from home.
 - That rate is increased to £94.11 for an overnight stay in London.
 - Some councils pay the London rate for councillors' attendance at the CoSLA annual conference.
- 5.13 Some councils use these figures as the maximum amounts which can be claimed, but the Committee has heard during its visits that other councils pay the flat rates regardless of what expenditure, if any, has actually been incurred.
- 5.14 We do not see any justification for paying flat rate allowances, especially daily meal allowances which can be claimed while attending meetings at the council headquarters or on other council business.

Recommendation 18: We recommend that all daily subsistence allowances and the overnight subsistence allowances should be abolished.

Expenses incurred for meals and overnight accommodation

- 5.15 Instead of flat-rate subsistence allowances, councillors should be able to claim the **actual** costs incurred for meals and overnight accommodation when they are carrying out council business away from their home or away from council offices. We do not consider it necessary to allow reimbursement for meals where a councillor is attending meetings in the council headquarters or chambers. We do not consider it necessary to allow reimbursement of expenditure on meals when councillors are carrying out council business in their own ward. In relation to overnight accommodation, we recommend that there should be a ceiling on the cost that may be incurred for bed and breakfast. Current rates for councillors are £82.53 for accommodation in Scotland and £94.11 for accommodation in London or at an 'approved conference'. These rates are consistent with those in place in other organisations and we do not see any need to change them. In the interests of simplicity, we wish to remove the anomaly that the London limit can apply to events and conferences held in Scotland.

Recommendation 19: Where a councillor is required to carry out council business outwith their own ward, or outwith council offices the actual cost of reasonable expenses incurred for meals may be reimbursed upon production of a receipt. We are content that individual councils should consider what amount would be considered reasonable and apply an upper limit should they choose to do so in the interests of value for money.

Recommendation 20: Where a councillor has an overnight absence from home, the actual receipted cost incurred for bed and breakfast may be reimbursed upon production of a receipt. Costs up to £82.53 for overnight absences in Scotland, and up to £94.11 for overnight absences in London will be reimbursed.

Telephone and associated expenses

- 5.16 Councils generally provide equipment necessary to allow councillors to carry out their role. In the main, councils can provide councillors with mobile phones, PC equipment and fax machines. There is clearly a benefit in councils continuing to provide equipment to take advantage of bulk buying power, and to ensure compatibility with the council's systems and networks. We therefore do not consider it necessary to allow councillors to be reimbursed for purchasing such equipment.
- 5.17 Many councils reimburse the cost of line rental for telephone and PC equipment at councillors' homes and the cost of business calls made. We do not consider that there continues to be a justification for councils meeting the costs of line rental as this is a cost which would generally be incurred by an individual whether or not they were a councillor. We do accept that councillors should be reimbursed for the cost of business calls made, whether on their home telephone, networked PC, fax machine, or on a personal mobile phone.

Recommendation 21: Councillors may be reimbursed for the cost of business calls made on their home telephone, networked PC, fax machine, or on a personal mobile phone. Rental costs of a single telephone line at a councillor's home may not be reimbursed, but any additional telephone costs necessarily incurred to allow councillors to carry out their role effectively, e.g. provision and rental of a second telephone line, may be reimbursed.

Scrutinising claims

- 5.18 We do not consider it necessary to recommend specific arrangements for scrutiny of expenses claims. Instead we would recommend that councils treat councillors' claims in the same way as those from staff, and that they satisfy themselves that the checks and balances built into their systems are sufficiently robust.

CHAPTER 6 – SEVERANCE PAYMENTS

Legislative basis

- 6.1 Our starting point for consideration of severance payments to councillors was the Local Governance (Scotland) Act 2004. It was not within our remit to revisit the policy intentions which led to the Act and we have devised a scheme within the parameters set by it. This means:
- A payment can only be made to a councillor who chooses not to stand again in 2007 for election to a council.
 - A payment will not be made to any councillor who stands again for election and is defeated, or a councillor who is re-elected and subsequently stands down.

Nature of the scheme

- 6.2 We considered first whether the scheme should offer a fixed amount for all eligible councillors, or whether the rate should be linked to length of service. Part of the policy intention behind the scheme is to recognise long-service, and to acknowledge that councillors have not been eligible to join an occupational pension scheme. It also recognises that councillors may not want to continue their council career given the fundamental changes that are being introduced in 2007. This suggested that a scheme linked to length of service was more appropriate. We also had concerns about the fairness of a scheme that offered the same amount to a long serving councillor and to a councillor who had served for a shorter period. We concluded that our recommendation would be for a scheme that was linked to length of service.
- 6.3 We also considered whether payments under the scheme should be based on continuous service or cumulative service. The options we examined were:
- Option 1 – A continuous service scheme would count the total period of service from the first time a councillor was elected until May 2007, provided that they had not left office during that period, either by standing down for any reason or losing an election. If a councillor had left office for any period, only the latter period of continuous service would count in the calculation of a severance payment. Our view is that a strict continuous service scheme has a degree of unfairness built in. No account would be taken as to why a councillor had a break in service and we do not consider this option would adequately recognise long service.
 - Option 2 – A cumulative service scheme would count the total length of service given by a councillor, regardless of how many times they were out of office, or the reasons for them being out of office. This option would better reflect the desire to recognise long service. It should also be relatively straightforward to administer; e.g. it would not be necessary to establish reasons why a councillor left office at any point in their council career. This option would be more transparent and easily understood.
 - Option 2A – We also examined the suggestion made by the Councillors' Remuneration Progress Group that a cumulative service scheme with certain restrictions should be introduced. Essentially this would be a cumulative service scheme for most councillors, but would only count **continuous** service for councillors who had been out of office for two terms or more during their council career. We were concerned that this option could prove to be too bureaucratic to administer. For example, it would probably be necessary to establish why a councillor had been out of office. Given that this may apply to very small number of councillors, this could be an unreasonable burden on the administration of the scheme.
- 6.4 We concluded that Option 2, a straightforward cumulative service scheme, was most appropriate.

Eligibility and level of payment

- 6.5 We considered the eligibility criteria for the scheme. As noted above, the Act restricts the scheme to serving councillors who choose to leave office at the next election. This means that councillors who have already left office, or do so at any time before the election, would be ineligible to apply. We recommend the following criteria should also be built into the scheme:
- As the scheme is intended to recognise long service, a severance payment should **not** be available to councillors who will, by the 2007 elections, have served only one term. This means councillors elected for the first time at the Local Government elections held in May 2003, or at subsequent by-elections, should be ineligible for a severance payment.
 - The scheme should **not** be available to any serving councillor who is, or becomes at any time before May 2007, a member of the Scottish Parliament, the United Kingdom Parliament, or the European Parliament. Any such individual would then be eligible for any severance arrangements that apply to standing down from these institutions, and a pension which reflects their length of service. We recognise that this may appear harsh as service as a councillor will not be taken into account by other severance schemes. However, we are conscious that our advice has to be acceptable to the local government electorate. Allowing a situation where an individual can receive two potentially substantial severance or 'resettlement' packages from public funds would not in our view meet that public opinion test. These arrangements are also in line with the scheme which was introduced for councillors in Wales.
- 6.6 In reaching a decision on levels of payment we needed to ensure that it recognises long-service, and is sufficiently attractive in comparison to the new salary arrangements we are proposing. The level of payment needs to provide some recompense for the fact that previous service has not been pensionable, and may have resulted in giving up career opportunities which might have been available to councillors had they not chosen to devote time to public service. We also wanted to create a scheme that was straightforward and transparent: it should be absolutely clear how a severance payment to any councillor is calculated. Clearly the attractiveness of the scheme will depend upon the length of service given by a councillor, and his or her own assessment of the likelihood of being re-elected for a further term. We consider that a payment of £1,000 per year served is an appropriate recognition of long service, when compared to the new salary arrangements we have recommended. Length of service for the purposes of determining a severance payment should start from the establishment of the regional and district councils in 1975, to which some serving councillors were first elected.
- 6.7 Having regard to our public opinion criteria, we consider that the maximum payment to any councillor under the scheme should not exceed £30,000.

Recommendation 22: We recommend that councillors elected for the first time at the Scottish local government elections held in May 2003, or at subsequent by-elections, should be ineligible for a severance payment.

Recommendation 23: We recommend that any serving councillor who is, or becomes at any time before May 2007, a member of the Scottish Parliament, the United Kingdom Parliament, or the European Parliament should be ineligible for a severance payment.

Recommendation 24: We recommend that the severance scheme should offer £1,000 for each full year served, and for any year in which the time served is 6 months or more. Service prior to 1975 should not be included in the calculation of a severance payment. No severance payment to any councillor should exceed £30,000 gross.

Taxation

6.8 Although HM Revenue and Customs are not able to give a view on the taxation rules that may apply to the scheme until the details are set out in regulations, we understand that tax and national insurance will be payable at the appropriate statutory rates. Figures set out below therefore represent gross payments.

Table 6 – Severance payments

This table shows total severance payments for councillors with continuous service from the date of their election until leaving office in 2007. Severance payments to councillors with broken service will differ. This is intended as a guide only. Actual payments would depend on each councillor’s individual circumstances.

Year elected	Total severance payment	Year elected	Total severance payment
1975	£30,000	1992	£15,000
1976	£30,000	1993	£14,000
1977	£30,000	1994	£13,000
1978	£29,000	1995	£12,000
1979	£28,000	1996	£11,000
1980	£27,000	1997	£10,000
1981	£26,000	1998	£9,000
1982	£25,000	1999	£8,000
1983	£24,000	2000	£7,000
1984	£23,000	2001	£6,000
1985	£22,000	2002	£5,000
1986	£21,000	2003	£0
1987	£20,000	2004	£0
1988	£19,000	2005	£0
1989	£18,000	2006	£0
1990	£17,000	2007	£0
1991	£16,000		

CHAPTER 7 – FINANCIAL IMPLICATIONS

Introduction

- 7.1 The criteria set for the Committee requires us to consider “the effect of the advice, assuming that it has been implemented, upon the total cost incurred by local authorities in respect of the payment of remuneration (including pensions), allowances, and reimbursement of expenses incurred by, members of local authorities”.
- 7.2 This criteria does not mean that we have to create arrangements that cost the same as, or no more than, current arrangements. But we do have to consider the implications of our advice upon the amount local authorities spend on paying their councillors. It has been generally accepted that the current basic allowance is set at a low level, so any move to an adequate basic salary for all councillors will have a material effect on the overall expenditure on councillors’ remuneration.

Current expenditure

- 7.3 Table 7 details the amount councils spent on basic allowances, special responsibility allowances, civic allowances, travel and subsistence, and other expenses in the financial year, 2004/05. This information was provided by councils over recent months. The basic allowance was last updated in May 2004.

Expenditure if our advice is implemented

- 7.4 Table 8 shows the **maximum** amount that councils would be able to pay in salaries for councillors, assuming that all councillors accept their full salary entitlement. The key facts are:
- The costs of salaries for basic councillors, and that element of the salaries for senior councillors would be £18.9m. This is £10.5m **more** than 2004/05 figures for basic allowances.
 - The costs of the enhanced element of salaries for senior councillors would be £3.5m. This is £5.4m **less** than 2004/05 figures for SRAs and civic allowances.
 - The average income for councillors will increase from £14,171 to £18,330, an increase of £4,159 or 29%
- 7.5 We estimate that the effect of our advice, if implemented, will be to increase the overall pay bill by about £5m, or 29.34% compared to expenditure in 2004/05. Table 8 shows the percentage increases or decrease that would apply to individual councils. Generally speaking those councils who have used the SRA arrangements moderately will countenance a larger percentage increase than those councils who use SRAs liberally.
- 7.6 As a percentage of total local government expenditure, councillors’ remuneration would increase from 0.168% to 0.217%, an increase of around 0.049%.
- 7.7 We note that the basic allowance has not been increased since May 2004. If Ministers decide to increase the basic allowance before 2007, the overall percentage increase will be lower.
- 7.8 The costs of travel and subsistence and other allowances will depend upon the amount of travel undertaken and business conducted by councillors in any given year. Expenditure in 2004/05 was £3.95m. We expect that the abolition of flat-rate subsistence allowances should mean that figure will decrease from 2007, thus partially offsetting the £5m increase which will result from the introduction of the new salary levels.

- 7.9 The Local Government Pension Scheme is administered by local authorities (the fund administering authorities). Councillors will represent a very small fraction of the total number of members of each fund and there will therefore be no noticeable effect on authorities' administration costs. In addition, councillors will be paying the 'employee' contributions, with local authorities paying the 'employer' contributions to the funds, the level of which will depend upon take-up. This will be an additional cost for local authorities.
- 7.10 The cost of the severance scheme, which is to be met by the Scottish Executive, is impossible to calculate at this stage. It will depend upon (1) the number of councillors that apply, and (2) the length of service given by these councillors. If Ministers are minded to set a budget for the severance scheme, either nationally or for each local authority, consideration will need to be given to what arrangements should apply if the scheme is oversubscribed.

Table 7 – Local Authorities' expenditure on councillors' allowances and expenses
 2004/05 (Information provided by individual councils)

Council	Total spend on basic allowances	Total spend on SRAs	Total spend on civic allowance	Total spend on other allowances e.g. telephone	Total spend on travel and subsistence	Total spend
Aberdeen City	£313,567	£230,922	£15,080	£28,382	£47,611	£635,562
Aberdeenshire	£492,950	£195,868	£0	£17,179	£197,773	£890,176
Angus	£193,823	£201,213	£0	£10,369	£49,875	£455,280
Argyll and Bute	£218,056	£233,554	£0	£13,104	£157,525	£622,219
Clackmannanshire	£105,911	£93,130	£0	£2,707	£3,459	£205,206
Dumfries & Galloway	£311,961	£241,966	£0	£0	£118,907	£672,834
Dundee	£196,958	£236,518	£0	£9,135	£23,422	£460,033
East Ayrshire	£213,493	£223,814	£0	£5,530	£65,942	£508,779
E Dunbartonshire	£161,088	£209,188	£0	£10,773	£34,056	£415,105
East Lothian	£133,584	£186,872	£0	£21,161	£80,407	£422,024
East Renfrewshire	£121,520	£208,960	£0	£10,046	£24,334	£365,450
Edinburgh	£421,090	£655,241	£25,000	£3,762	£84,463	£1,189,556
Eilean Siar	£186,987	£105,313	£0	£24,301	£208,947	£525,548
Falkirk	£211,453	£236,688	£0	£5,739	£85,176	£539,056
Fife	£569,927	£402,166	£0	£31,756	£118,308	£1,122,157
Glasgow	£578,359	£839,026	£35,585	£93,491	£169,730	£1,742,077
Highland	£583,320	£373,860	£0	£105,591	£447,332	£1,510,104
Inverclyde	£121,513	£174,379	£0	£2,251	£20,812	£318,954
Midlothian	£108,402	£234,128	£8,000	£14,662	£70,398	£435,590
Moray Council	£154,449	£144,393	£0	£14,484	£46,874	£360,200
North Ayrshire	£198,927	£229,464	£0	£12,559	£76,904	£517,854
North Lanarkshire	£510,090	£491,652	£0	£69,942	£315,215	£1,386,899
Orkney Islands	£127,422	£195,529	£0	£2,162	£101,209	£426,321
Perth and Kinross	£275,190	£247,555	£0	£11,831	£69,150	£603,726
Renfrewshire	£292,411	£321,846	£0	£13,248	£153,865	£774,881
Scottish Borders	£225,799	£179,450	£0	£4,785	£70,761	£480,795
Shetland Islands	£133,677	£244,002	£0	£6,201	£131,732	£483,871
South Ayrshire	£200,542	£191,176	£0	£18,934	£37,580	£448,232
South Lanarkshire	£488,404	£583,437	£54,027	£55,940	£152,893	£1,334,700
Stirling	£133,400	£184,974	£0	£6,829	£32,936	£358,138
W Dunbartonshire	£131,578	£200,381	£0	£4,429	£28,932	£365,320
West Lothian	£234,272	£332,779	£0	£6,055	£81,534	£654,640
Total	£8,350,123	£8,829,441	£137,692	£637,337	£3,308,061	£20,621,612

Table 8 – Local Authority current expenditure on councillors’ remuneration compared with proposals

Council	No. of cllrs	Spend on basic allowance 2004/05	Spend on SRAs and civic allowances 2004/05	Total spend 2004/05	Average councillor income 2004/05
Aberdeen	43	£313,567	£246,002	£559,569	£13,013
Aberdeenshire	68	£492,950	£195,868	£688,818	£10,130
Angus	29	£193,823	£201,213	£395,036	£13,622
Argyll & Bute	36	£218,056	£233,554	£451,610	£12,545
Clackmannanshire	18	£105,911	£93,130	£199,041	£11,058
Dumfries & Galloway	47	£311,961	£241,966	£553,927	£11,786
Dundee	29	£196,958	£236,518	£433,476	£14,947
East Ayrshire	32	£213,493	£223,814	£437,307	£13,666
E Dunbartonshire	24	£161,088	£209,188	£370,276	£15,428
East Lothian	23	£133,584	£186,872	£320,456	£13,933
East Renfrewshire	20	£121,520	£208,960	£330,480	£16,524
Edinburgh	58	£421,090	£680,241	£1,101,331	£18,988
Eilean Siar	31	£186,987	£105,313	£292,300	£9,429
Falkirk	32	£211,453	£236,688	£448,141	£14,004
Fife	78	£569,927	£402,166	£972,093	£12,463
Glasgow	79	£578,359	£874,611	£1,452,970	£18,392
Highland	80	£583,320	£373,860	£957,180	£11,965
Inverclyde	20	£121,513	£174,379	£295,892	£14,795
Midlothian	18	£108,402	£242,128	£350,530	£19,474
Moray	26	£154,449	£144,393	£298,842	£11,494
North Ayrshire	30	£198,927	£229,464	£428,391	£14,280
North Lanarkshire	70	£510,090	£491,652	£1,001,742	£14,311
Orkney Islands	21	£127,422	£195,529	£322,951	£15,379
Perth & Kinross	41	£275,190	£247,555	£522,745	£12,750
Renfrewshire	40	£292,411	£321,846	£614,257	£15,356
Scottish Borders	34	£225,799	£179,450	£405,249	£11,919
Shetland Islands	22	£133,677	£244,002	£377,679	£17,167
South Ayrshire	30	£200,542	£191,176	£391,718	£13,057
South Lanarkshire	67	£488,404	£637,464	£1,125,868	£16,804
Stirling	22	£133,400	£184,974	£318,374	£14,472
W Dunbartonshire	22	£131,578	£200,381	£331,959	£15,089
West Lothian	32	£234,272	£332,779	£567,051	£17,720
Total	1,222	£8,350,123	£8,967,133	£17,317,256	£14,171

Review of Remuneration Arrangements for Local Authority Councillors

Total proposed cost basic councillors	Total proposed cost senior/lead	Total cost under these proposals	Average councillor income	Increase/decrease	Council
£355,396	£481,607	£837,003	£19,465	49.58%	Aberdeen
£741,696	£481,607	£1,223,303	£17,990	77.59%	Aberdeenshire
£231,780	£312,266	£544,046	£18,760	37.72%	Angus
£324,492	£333,513	£658,005	£18,278	45.70%	Argyll & Bute
£139,068	£185,433	£324,501	£18,028	63.03%	Clackmannanshire
£494,464	£333,513	£827,977	£17,617	49.47%	Dumfries & Galloway
£231,780	£312,266	£544,046	£18,760	25.51%	Dundee
£185,424	£269,772	£455,196	£18,967	4.09%	East Ayrshire
£262,684	£333,513	£596,197	£18,631	61.01%	E Dunbartonshire
£200,876	£204,749	£405,625	£17,636	26.58%	East Lothian
£154,520	£204,749	£359,269	£17,963	8.71%	East Renfrewshire
£509,916	£700,516	£1,210,432	£20,870	9.91%	Edinburgh
£324,492	£204,749	£529,241	£17,072	81.06%	Eilean Siar
£262,684	£333,513	£596,197	£18,631	33.04%	Falkirk
£896,216	£481,607	£1,377,823	£17,664	41.74%	Fife
£834,408	£700,516	£1,534,924	£19,429	5.64%	Glasgow
£927,120	£481,607	£1,408,727	£17,609	47.17%	Highland
£154,520	£204,749	£359,269	£17,963	21.42%	Inverclyde
£139,068	£185,433	£324,501	£18,028	-7.43%	Midlothian
£247,232	£204,749	£451,981	£17,384	51.24%	Moray
£231,780	£333,513	£565,293	£18,843	31.96%	North Ayrshire
£772,600	£481,607	£1,254,207	£17,917	25.20%	North Lanarkshire
£169,972	£204,749	£374,721	£17,844	16.03%	Orkney Islands
£401,752	£333,513	£735,265	£17,933	40.65%	Perth & Kinross
£386,300	£333,513	£719,813	£17,995	17.18%	Renfrewshire
£293,588	£333,513	£627,101	£18,444	54.74%	Scottish Borders
£185,424	£204,749	£390,173	£17,735	3.31%	Shetland Islands
£231,780	£333,513	£565,293	£18,843	44.31%	South Ayrshire
£712,144	£481,607	£1,193,751	£17,817	6.03%	South Lanarkshire
£185,424	£204,749	£390,173	£17,735	22.55%	Stirling
£169,972	£248,525	£418,497	£19,023	26.07%	W Dunbartonshire
£262,684	£333,513	£596,197	£18,631	5.14%	West Lothian
£11,621,256	£10,777,491	£22,398,747	£18,330	29.34%	Total

CHAPTER 8 – REVIEWING AND UPDATING ARRANGEMENTS AND ISSUES FOR FUTURE CONSIDERATION

- 8.1 We acknowledge that new arrangements for councillors' remuneration are expected to come into effect at the elections due in May 2007. Thereafter there will be a need to monitor and review arrangements periodically to ensure that they are still fit for purpose and that they have been implemented as the Committee, Ministers, and the Parliament intend they should be.
- 8.2 In Chapter 3, we propose that salary levels should be linked to the median Scottish salary. The latest figures available at the time of drafting this report relate to median salaries in 2004. We therefore recommend that salary levels for councillors elected in 2007 should be linked to the most recent published median Scottish salary figures available at that time. This may mean that the salary figures outlined in this report will need to be adjusted slightly when they are introduced, although we do not anticipate that any change will be significant.
- 8.3 Although we are recommending a link to the median Scottish salary, and we consider that principle should be retained in the future, it is important to allow flexibility in reviewing and updating arrangements. The role of a councillor may change and develop to such an extent that a link to the median Scottish salary is no longer appropriate. This is particularly relevant at a time when councillors will need to assume new ways of working shaped by the introduction of multi-member wards, or if more fundamental changes to local governance are introduced. It is therefore unwise to create a link that cannot readily be reviewed and, if necessary, broken.
- 8.4 The Committee is therefore proposing a periodic review of the levels at which salaries and other aspects of the remuneration package are set and provide further advice to Ministers as appropriate. The Committee should have the scope to carry out such reviews at its own instigation, or at the request of Ministers. Such reviews would include consideration of the ongoing robustness of the link to the median Scottish salary, the percentage at which that link is set, the timing of any increases, the number of councillors that may receive an enhanced salary, and the operation of the new expenses arrangements.
- 8.5 The Committee should also be able to review how individual local authorities have implemented the new arrangements to ensure consistency of application. We envisage that, after a reasonable settling-in period, the Committee will review arrangements that have been put in place by individual councils on a systematic basis. The Committee should be able to offer advice and further guidance to councils in respect of the application of the new arrangements, and councils should be required to have regard to that guidance.
- 8.6 We envisage that the Committee's draft workplan for the period leading up to the next elections, and the year after the elections would be:
- February 2007 – Provide advice and support to local authority Chief Executives on the implementation of the new arrangements
 - April/May 2007 – Committee members available to discuss with councils implementation of the new arrangements
 - August 2007 to March 2008 – Rolling programme of reviews of arrangements put in place by individual councils, to include consideration of salaries introduced for senior councillors, and introduction of role descriptions and training plans
 - April 2008 – Review median Scottish salary figure and percentage at which link is made, taking into account any changes in the role of councillors.

Publication of details of councillors' salaries and expenses

8.7 We note that statute requires that details of councillors' allowances are published. That legislation should continue to apply in respect of the salary and other arrangements we are proposing. Furthermore it is likely that councils will want to be more proactive in publishing information on councillors' remuneration in anticipation of individual requests for information under Freedom of Information legislation. We consider that it would be helpful if councils also published information in a common format about how they determined which roles should receive an enhanced salary, the role descriptions put in place for councillors, and the amounts paid to individual councillors. Information published should include details and costs of any items that the council considered essential and reasonable to allow civic heads to carry out their role, whether purchased by a) the council, or b) a councillor who was then reimbursed.

Issues for future consideration

8.8 There are a small number of supplementary matters which the Committee considers should also be reviewed once the new arrangements have been put in place.

8.9 First, we wish to consider the position where an individual who is an employee of one local authority can also carry out a role as a councillor in another local authority. While this may not be a difficulty for a council employee who is also a basic councillor, we feel that consideration should be given to the compatibility of carrying out the role of a senior councillor or council leader, in addition to another role in a local authority. Our proposals suggest that these roles require, on the whole, a full-time commitment, for which we are proposing a full-time salary. We therefore consider that it might not be feasible for a senior councillor or council leader to continue in another local authority role, for which they are being paid another salary by a local authority.

8.10 Secondly, we are concerned that some councils and other public bodies offer paid time off for staff to carry out their role as a councillor. Again, we consider this may be an inappropriate use of public funds once councillors are in receipt of an adequate basic salary for carrying out their role. This is a matter we intend to revisit.

8.11 Thirdly, we would like to consider in more detail the arrangements that apply to councillors who are appointed to public bodies. Although these appointments tend to be made by Ministers, individuals can be appointed primarily because of the role they carry out as a councillor. For example, a councillor appointed to the local NHS Board may receive, in addition to their councillor's salary, an additional salary paid by the Board. In the future we would wish to examine the position where in the case of senior councillors, membership of other bodies might be seen as part and parcel of their role as a senior councillor, and thus covered by their senior councillor's salary. As part of our reviewing arrangements we would plan to look at this issue in more detail, and provide further advice to Ministers if necessary.

Recommendation 25: The Committee should review periodically the levels at which salaries and other aspects of the remuneration package are set and provide further advice to Ministers as appropriate.

Recommendation 26: The Committee should review how individual local authorities have implemented the new arrangements to ensure consistency of application.

ANNEX A

Councillors' role profiles/description

All councillors:

Key purpose/roles

- To represent the views and interests of your Ward and its individual constituents and deal with their enquiries and representations fairly and without prejudice
- To contribute actively to the formulation and scrutiny of the Council's policies, budgets, strategies and service delivery
- To champion the best interests of the council and the community as they relate to the improvement of the quality of life, social, economic and environmental well-being of the community and its citizens
- To work in partnership with others in the Council, partnership organisations at council and community level to help to achieve the above.

Key tasks/accountabilities

- To represent and act as an advocate for the interests of your Ward, liaising and working with local organisations and representative groups to further the interests of the Ward and its individual constituents
- To be available to represent and deal effectively with constituents' enquiries and representation on individual and community interests
- To contribute effectively to the debates and decision making activities of the Council prior to setting policies, budgets, strategies and service delivery targets
- To participate effectively as a member of any committee or panel to which you are appointed, including related responsibilities for the services/ resources falling within the committee's terms of reference such as human resource issues, staff appointments, setting fees and charges
- To participate in the scrutiny or performance review of the services of the Council including the scrutiny of policies and budgets and their effectiveness in achieving the Council's objectives
- To support the creation of an inclusive working environment and develop effective working relationships with other elected members and officers of the Council.
- To support the creation of a constructive working relationship with the others councillors representing the same ward.
- To participate in the activities of any outside body or partnership forum to which you are appointed by the Council, providing two way communications between the Council and the body. Also to develop and maintain a working knowledge of the Council's policies and practices in relation to that body and of the community's needs and aspirations in relation to that body's role and functions
- To liaise on behalf of the Council and represent and promote the Council's interests with other public bodies to promote better understanding and partnership working
- To fulfil the statutory and locally determined codes of conducts and standards for elected members and maintain the highest standards of conduct at all times

Senior councillors

In addition to the roles/tasks and accountabilities expected of all councillors the following are expected of councillors with significant additional responsibilities:

Key purpose/roles

- To provide leadership in relation to policy formulation, implementation and monitoring of the Council's policies, budgets, strategies and service delivery in relation to your specific area of responsibility, and to contribute to the effective governance of the Council
- To ensure that your area of responsibility contributes to promoting the best interests of the Council and the community and improve the quality of life, social, economic and environmental well-being of the community and its citizens.

Key tasks/accountabilities

For your area of responsibility:

- To facilitate policy development via appropriate mechanisms – committees, working groups, working with officers and working in partnership with partner organisations
- To give political direction to senior officers of the council in your area of responsibility
- To chair effectively relevant committees, sub-committees and working groups
- To take responsibility for decisions taken within these committees or other forums
- To support and encourage participation and debate by all councillors in relevant forums including committees, scrutiny panels and working groups and respond to scrutiny of decisions and service delivery/performance
- To ensure that effective working relationships with all councillors, officers and relevant partner organisations are developed and maintained
- To represent and communicate the views and best interests of the council in relevant forums including the community, the media, partnership organisations and national bodies
- To monitor, review and comment on performance and budget, to ensure that Council policies are implemented; and where necessary initiate relevant action
- To be fully aware of relevant legislative and national and local policy frameworks

In contributing to the effective governance of the council:

- To work with the Council leadership to ensure the effective governance of the authority
- To contribute to policy formation on corporate strategy, policies and overall budget matters and participate constructively in relevant forums
- To represent the Council at appropriate civic and/ or other engagements including as a substitute for the Council Leader or Civic Head of the Council

Council leaders:

In addition to the roles/ tasks and accountabilities expected of all councillors the following are expected of Council Leaders.

Key purpose/roles

- To lead the political administration of the Council
- To provide leadership in relation to policy formulation, implementation and monitoring of the council's policies, budgets, strategies and service delivery and to contribute to the effective governance of the Council
- To provide strategic leadership and clear political direction and guidance to promote the best interests of the Council and the community and improve the quality of life, social, economic and environmental well-being of the community and its citizens.
- To ensure that effective working relations are developed throughout the Council and between the Council and external partners in order to promote the best interests of all its communities.

Key tasks/accountabilities

- To provide strategic, political and cultural leadership for the Council in partnership with the Chief Executive
- To give direction to the Chief Executive on political matters and participate in the performance review and development of the Chief Executive
- To have an overview and facilitate corporate and cross cutting policy formulation, strategy development and financial planning
- To promote partnership working with partner organisations and other service providers, including Community Planning partners
- To act as the principal Council representative in discussions and negotiations with national bodies
- To ensure that the political decision making structures of the Council operate effectively
- To take responsibility for, and promote the Council's policy and political decisions
- To be the political figurehead and provide an external focus for the Council including handling media and press enquiries
- To develop and maintain effective working relationships with councillors and senior officials

Competencies framework

The competencies shown in this framework are cumulative – that is, the competencies shown for councillors will also be held by councillors with significant additional responsibility and by Council Leaders.

The framework has eight competencies:

- **Change** – adapting to and leading change and improvement
- **Communication** – communicating using appropriate media to different groups
- **Corporate focus** – taking collective responsibility for decisions affecting the Council as a whole
- **Decision making** – problem solving, analysis and the decision making cycle
- **Leadership and team working** – working with others and providing leadership and direction
- **Partnership working** – providing community leadership and working in partnership with other organisations
- **Personal effectiveness** – skills and techniques of managing and developing personal skills
- **Political awareness** – working effectively within the political environment

I. Change – adapting to, and leading change and improvement

Councillors	Senior Councillors	Leaders
<p>Responds positively to change and promotes the change process</p> <p>Supports others in responding to change</p> <p>Has an understanding of the modernising government agenda, including the role that councillors should play in promoting Best Value</p>	<p>Supports the change process and encourages the strategic development of own area</p>	<p>Initiates and supports change across the council</p> <p>Builds support for change across the council</p> <p>Promotes a culture in which people are encouraged to identify and try out new ideas</p>

2. Communication – communicating using appropriate media to different groups

Councillors	Senior Councillors	Leaders
Expresses self clearly and concisely in writing and in oral presentations	Identifies information needs of audiences/groups	Demonstrates the ability to negotiate and to manage discussions on controversial issues at the highest level
Debates objectively when challenging a position	Deals effectively with conflicting interests and is able to summarise competing arguments	Deals effectively with conflicting interests where there are hidden or competing agendas
Adapts communication style appropriate to recipients and situations	Demonstrates the ability to negotiate and manage discussion at appropriate level	Demonstrates ability to communicate using appropriate media to a wide cross section of groups, internal to the council and external
Approachable and easy to talk to	Demonstrates an ability to influence others, on a one to one basis and/ or in meetings	Is capable of influencing others at the highest level either on a one to one basis and/or in meetings

3. Corporate focus – taking collective responsibility for decisions affecting the council as a whole

Councillors	Senior Councillors	Leaders
<p>Has a good understanding of the Council's Corporate Plan and other strategic plans</p> <p>Has a good understanding of how the Corporate Plan translates into Departmental/Service Plans</p> <p>Promotes the council's services</p> <p>Contributes to the monitoring and scrutiny of the council's performance and budget</p>	<p>Has a high level of awareness of how the corporate plan translates into the clear and achievable plans for their area of responsibility</p> <p>Has a high level of awareness of how their area of responsibility can contribute to the council's objectives</p> <p>Demonstrates the ability to work effectively with senior officials to ensure that their area of responsibility contributes to, and that the relevant Departmental/Service Plans are implemented in accordance with, the council's corporate objectives</p>	<p>Is able to set and promote the corporate vision and direction for the council</p> <p>Assumes corporate political responsibility for achieving the Council's Corporate Plan and meeting performance objectives</p> <p>Promotes the Corporate Plan and vision across the council and to external agencies and partnership bodies</p> <p>Translates the Corporate Plan into core values and corporate organisational priorities and policies</p> <p>Identifies and supports strategic level partnerships key to achieving the council's corporate objectives</p>

4. Decision making – problem solving, analysis and the decision-making cycle

Councillors	Senior Councillors	Leaders
<p>Has a positive attitude to problem solving</p> <p>Identifies and can evidence the selection of appropriate information on which to base a decision</p> <p>Demonstrates the ability to interpret and analyse relevant information to support decision making</p>	<p>Demonstrates the ability to reason logically and can evidence reasons behind decision making</p> <p>Has ability to bring others along side when taking decisions</p> <p>Demonstrates ability to confront difficult or awkward decisions</p> <p>Encourages environment within committees for effective decision making</p>	<p>Provides leadership in decision making and has highly developed negotiation skills to bring others along side at the highest level</p> <p>Demonstrates the capability to take decisive and appropriate action required to ensure that Corporate decisions are implemented</p> <p>Is able to encourage an environment across council conducive to effective decision making</p> <p>Has the ability to take decisive action by assessing risk and reaching a clear conclusion</p>

5. Leadership and team working – working with others and providing leadership and direction

Councillors	Senior Councillors	Leaders
<p>Has the capability to work and contribute effectively across multi-party and multi-agency teams</p> <p>Works with and contributes effectively to partnership agencies and organisations at community and council wide levels</p>	<p>Generates enthusiasm and commitment within multi-party and multi-agency teams</p> <p>Demonstrates ability to lead in own area of responsibility</p> <p>Is capable of working with councillors and officers to deliver on departmental and service objectives</p> <p>Is capable of working effectively with cross function groups and disparate professional teams</p>	<p>Is able to command respect across the council and at the highest levels of outside agencies and partner organisations</p> <p>Leads the council by setting a clear direction and a positive example for other to follow and by providing visible leadership</p> <p>Fosters a culture which encourages effective working across the council</p> <p>Is capable of working with the Chief Executive and other senior officials to deliver the council's objectives</p>

6. Partnership working – providing community leadership and working in partnership with other organisations

Councillors	Senior Councillors	Leaders
<p>Is able to command respect in the local community and can provide community leadership</p> <p>Contributes to partnership initiatives as required at community and council wide levels</p> <p>Works effectively with partner agencies at a ward level</p>	<p>Demonstrates the ability to work in partnership, establish joint working practices to support achievement of objectives</p> <p>Is able to support the creation and development of internal and external partnerships and lead them meeting the council's objectives</p> <p>Makes an effective contribution to partnership working in own area of responsibility</p>	<p>Promotes and supports partnership working at council level</p> <p>Provides clear leadership on partnership bodies</p> <p>Supports external partnerships and is able to promote the interests of the council in such partnerships at the highest level</p> <p>Initiates opportunities to work with partner agencies to meet council objectives</p>

7. Personal effectiveness – skills and techniques of managing and developing personal skills

Councillors	Senior Councillors	Leaders
<p>Maintains effective working relations with colleagues and partners</p> <p>Manages own time effectively</p> <p>Deals effectively with paperwork and record keeping</p> <p>Carries out personal development appropriate to improve own performance in fulfilling councillors' role</p>	<p>Able to develop effective working relationships with senior officers in order to ensure that goals and objectives are met</p> <p>Sets challenging standards of performance for self and others and leading by example</p>	<p>Able to respond effectively when faced with complex, contradictory or competing situations</p> <p>Able to develop effective relations and represent the council at the highest level outside the council</p> <p>Highly respected by all members of the council</p> <p>Supports senior councillors through a process of evaluation and feedback</p>

8. Political awareness – working effectively within the political environment

Councillors	Senior Councillors	Leaders
<p>Demonstrates an understanding of the Council's decision making and how services are delivered</p> <p>Demonstrates an awareness of the diversity of needs within the community</p> <p>Has a basic understanding of local and national politics, policy and financial frameworks</p>	<p>Demonstrates a sound understanding of local and national politics, policy, financial and legislative frameworks</p>	<p>Demonstrates an excellent knowledge and understanding of local and national politics, policy, financial and legislative frameworks</p> <p>Demonstrate the ability to exert influence at local, regional and national levels</p>

ANNEX B

Estimated Service Expenditure

Table 9 – Estimated Service Expenditure – actual 2005/06 (2003-06 based)

Local Authority	Estimated Service Expenditure	Percentage of Total ESE
Aberdeen City	£325,239,000	3.72%
Aberdeenshire	£371,389,000	4.25%
Angus	£185,673,000	2.13%
Argyll & Bute	£168,423,000	1.93%
Clackmannanshire	£78,792,000	0.90%
Dumfries & Galloway	£262,940,000	3.01%
Dundee City	£261,794,000	3.00%
East Ayrshire	£204,089,000	2.34%
East Dunbartonshire	£174,943,000	2.00%
East Lothian	£146,500,000	1.68%
East Renfrewshire	£148,661,000	1.70%
Edinburgh, City of	£691,254,000	7.91%
Eilean Siar	£72,550,000	0.83%
Falkirk	£235,222,000	2.69%
Fife	£584,581,000	6.69%
Glasgow City	£1,110,098,000	12.71%
Highland	£394,537,000	4.52%
Inverclyde	£149,213,000	1.71%
Midlothian	£135,655,000	1.55%
Moray	£144,561,000	1.65%
North Ayrshire	£236,187,000	2.70%
North Lanarkshire	£542,779,000	6.21%
Orkney Islands	£51,375,000	0.59%
Perth & Kinross	£226,265,000	2.59%
Renfrewshire	£294,497,000	3.37%
Scottish Borders	£190,503,000	2.18%
Shetland Islands	£65,741,000	0.75%
South Ayrshire	£189,558,000	2.17%
South Lanarkshire	£507,076,000	5.81%
Stirling	£148,896,000	1.70%
West Dunbartonshire	£174,674,000	2.00%
West Lothian	£261,230,000	2.99%
Scotland	£8,734,896,000	100.00%

Local authorities' revenue expenditure is met by local taxes and charges, and through external support from central government, known as Aggregate External Expenditure (AEE). To determine the level of AEE support the government will provide, the level of Total Estimated Expenditure (TEE) is calculated. From this loans and leasing charges are subtracted to calculate Estimated Service Expenditure. Estimated Service Expenditure is the total estimated expenditure that the government calculates each individual authority needs, including Grant Aided Expenditure and Special Islands Needs Allowance.

ANNEX C

Glossary

- *ASHE*: Annual Survey of Hours and Earnings - a new survey that has been developed to replace the New Earnings Survey (NES).
- *CoSLA*: Convention of Scottish Local Authorities.
- *Councillors Remuneration Progress Group (CRPG)*: Established in September 2004, chaired by Lord Sewel, with the remit to consider options for councillors' remuneration, the associated costs and practical implications. Also referred to as the Sewel Group.
- *DBS*: Defined Benefit Scheme, one of the main types of pension arrangement.
- *DCS*: Defined Contribution Scheme, one of the main types of pension arrangement.
- *ESE*: Estimated Service Expenditure (see Annex B).
- *GAE*: Grant Aided Expenditure (see Annex B).
- *HMRC*: Her Majesty's Revenue and Customs
- *LGPS*: Local Government Pension Scheme – a statutory public service defined benefit pension scheme used for Local Government staff.
- *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.
- *NDPBs*: Non-Departmental Public Bodies.
- *Public Attitudes to Councillors' Remuneration*: Findings of research from MORI Social Policy Monitor, commissioned by the Scottish Local Authorities Remuneration Committee.
- *Renewing Local Democracy Working Group*: Set up in July 1999, the Group, chaired by Richard Kerley, reported to Ministers in June 2000. Its remit was to consider ways in which council membership could be made more attractive to a wider cross-section of the community, and become more representative of it, and advise on remuneration of councillors. Also known as the Kerley Group.
- *SINA*: Special Islands Needs Allowance (see Annex B).
- *SLARC*: Scottish Local Authorities Remuneration Committee
- *SOLACE*: Society of Local Authority Chief Executives.
- *SRA*: Special Responsibility Allowance – part of current system of councillors' remuneration.

- *Survey of Scottish Councillors Workload & Analysis of Councillors' Weight of Responsibilities*: Hexagon Research & Consulting's report, commissioned by the Scottish Local Authorities Remuneration Committee.
- *Widening Access to Council Membership Progress Group (WAPG)*: Established in July 2003, with Rowena Arshad OBE as convenor, and the remit of taking forward work on making council membership attractive to a wide cross-section of the community, and make recommendations on training, development and support of councillors.

ANNEX D

Biographical notes for committee members

Ian Livingstone is a solicitor by profession and was Chair of Lanarkshire Health Board and Lanarkshire Development Agency

Marlene Anderson is a member of Forth Valley NHS Board, a member of the Scottish Agricultural Wages Board, and was personnel manager at Stirling Council

Dan Brown was a senior officer at the Convention of Scottish Local Authorities

Kate Dunlop is a member of the Registers of Scotland Ministerial Advisory Board and a member of the Employment Tribunal

Declan Hall is a lecturer in Local Government and Politics at the University of Birmingham

Mark Irvine is an independent consultant and was an officer at UNISON

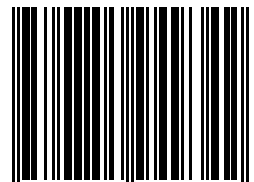
Jack Wilson was Director of Finance for Borders Health Board

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