EXECUTIVE NOTE

THE LOCAL GOVERNANCE (SCOTLAND) ACT 2004 (REMUNERATION) AMENDMENT REGULATIONS 2011

SSI 2011/264

The above instrument was made in exercise of powers conferred by section 18(4) of the Local Government and Housing Act 1989 and sections 11 and 16(2) of The Local Governance (Scotland) Act 2004. The instrument is subject to negative instrument procedure.

Policy Objectives

The Regulations will amend regulation 3 of the Local Governance (Scotland) Act 2004 (Remuneration) Regulations 2007 ("the 2007 Regulations") and prohibit a local authority to allow a body controlled by it to make any payments to its councillors by way of remuneration, other than allowances for reimbursement of receipted expenses.

Local authorities in Scotland are restricted through regulations in the amount by which councillors can be remunerated. The Review report published in March 2011 undertaken by the Scottish Local Authority Committee (SLARC), identified that some councillors were in receipt of additional payments that exceeded those permitted by the remuneration scheme. (http://www.scotland.gov.uk/Publications/2011/03/02152201/13) The payments received were for serving on Arms Length External Organisations (ALEOs).

A number of councils have set up ALEOs to provide a function/service usually undertaken by the council itself, for example the provision of leisure services, as this can be advantageous in financial terms. Council staff transfer to the ALEO which is legally separate from the council, but the council retains control by having councillors and/or council officials in a governance role. In their Review report SLARC recommended that councillor service on ALEOs be brought within the scope of the regulations that set the framework for the remuneration of councillors. This is on the basis that remuneration in addition to that set out in the current scheme undermines the principle of having an independent committee to scrutinise such remuneration, and indeed the scheme itself.

The 2007 Regulations are being amended to prohibit remuneration of councillors by any body controlled by a single local authority. The policy objective is for the remuneration of councillors to remain within the framework set out in the remuneration scheme. The prohibition will not impact on boards outside of council control for example Health Boards. Councillors remain able to claim any expenses incurred for sitting on ALEOs.

Consultation

The Regulations adopt negative procedure and have no particular consultation requirement. However we consulted with SLARC to obtain their views on the amendments and these have been taken into consideration.

Equality Impact Assessment

There is no equality impact as the prohibition of payments applies to all local authority councillors.

Financial Effects

There is no financial impact on the Scottish Government or local authorities. There will be a saving for ALEOs that have been making payments to councillors for serving on their board as these payments will now be prohibited. Where a council receives funding from the ALEO, indirectly the council will benefit from a saving as additional remuneration payments are prohibited.

Scottish Government
Local Government and Third Sector Directorate
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