

Batch 14

LAs

(15)

Proposed Changes to Accounts and Audit Regulations

We invite views on whether the proposed areas of remuneration reporting, when presented together, will provide a true and fair view of each senior officer's package of benefits.

- Agree that this would provide a true and fair view, but have concerns around the proposed disclosure of pension entitlement (see below)

We invite comments on whether consultees foresee any barriers or costs to collecting and reporting the proposed areas of remunerations information in published annual accounts.

- The bulk of the information is straightforward to collate, with the exception of the pension related information. This will clearly require input from the Essex County Council who will be required to estimate the likely final salary position at the individual's retirement age. It is felt that declaration of pension entitlement should be based upon current accrued years and at current prices, as it could be misleading to project forward to the estimated position at an individual's retirement age.
- It is likely that there will be a cost associated with collection of the required information, which will result in an additional financial burden to the authority.

We invite consultees' views on how best to define 'senior' in Regulation. We recognise that as the term can mean different things in different organisations it is important to obtain the widest possible response to this particular aspect of the current proposals.

- It would seem sensible to use total remuneration thresholds to define "senior". This would ensure a consistency in reporting across different organisations. It will be necessary to have different thresholds for different types of organisation – i.e. District & Borough Councils, Counties, PCT etc.

We invite views about the inclusion of individuals acting at a senior level whose position may not be permanent but who make recommendations or take decisions about public money, for example interim managers and consultants.

- Feel that Interim Managers should be included, but there should be some clarity around the remuneration of the individual against the sum payable to recruitment agencies. It is felt that it is likely to be considerably more difficult to achieve useful reporting of consultancy costs.

We invite views on the proposal to adjust the reporting requirement to count the number of employees earning £50,000 or more a year in narrower bandings of £5,000.

- The Council has no objection to changing the banding arrangement for the sake of consistency with other government bodies.

General Comment

- The Council has no objection to the proposals in principle and would wish to be completely transparent in declaration of the costs of senior officer salaries. It is however felt that Taxpayers Alliance are being a little one sided with their view of things – why not make this a requirement for all bodies to disclose senior management salaries, including private sector firms, or make it a requirement for public bodies to publish illustrative salaries for equivalent level managers in private sector companies of similar size and scale to the public body in question. This would then demonstrate clearly to our residents what good value for money senior managers in the public sector are in comparison to the private sector.



New Forest
DISTRICT COUNCIL

93

Chief Executive
[REDACTED]

LGC Workforce, Pay and Pensions
Zone 5/F5
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SW1E 5DU

Our ref: [REDACTED]
Your ref:
Date: 22 June 2009

Received: 24/06/09

Dear [REDACTED]

**CONSULTATION ON AMENDING THE ACCOUNTS AND AUDIT REGULATIONS
2003 (S.I. 2003 NO. 533) TO IMPROVE TRANSPARENCY OF REPORTING OF
SENIOR OFFICERS IN PUBLIC BODIES**

The Council supports the principle of improved transparency in reporting senior officer emoluments. Its comments on your consultation document are as follows:

Disclosure of Remuneration

We agree that the financial statements should include a report on remuneration for named "senior" officers. To provide a true and fair view of the each senior officer's package of benefits the report should include:

- Gross Salary including any taxable expenses and allowances (by definition "taxable" expenses would not include reimbursement of expenses such as travel and subsistence)
- Bonuses
- Additional Payments - guidance is required to clarify what payments are included, such as Returning Officer fees.
- Compensation/ex gratia payments
- Benefits in kind as included on the P11D

The Council supports the inclusion of appropriate pension payments information but not the "pension pot approach" proposed in the consultation. This would result in double counting of employee pension contributions as these are already included in the gross salary reported. It would also provide distorted information on remuneration as it is dependant on length of service and age, and individual choice of pension schemes.

cont/...



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LGC Workforce, Pay & Pensions
22 June 2009

A better approach would be to include employer pension contributions for the year in question. Effective date 2009/2010 accounts (first year of new regulations to exclude any prior year comparators).

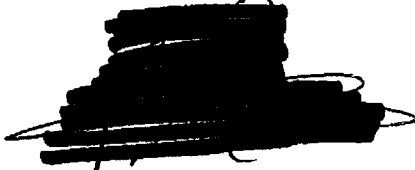
Senior Employees

In line with the subsequently circulated draft Statutory Instrument this should include the Head of Paid Service (Chief Executive) and both the statutory and non statutory "chief" officers (Directors, Executive Directors, Strategic Directors, Chief Officers) who report directly to the Head of Paid Service.

Reporting Level for numbers of officers in remuneration bands


The £10,000 reporting bands should be maintained. The reporting level of £50,000 should be reviewed periodically in line with inflation. This table should include separate columns for current and former employees.

Yours sincerely




Leader of the Council




Chief Executive

SO

[REDACTED]

From: [REDACTED]
Sent: 12 June 2009 15:36
To: [REDACTED]
Subject: Response to Consultation on amending the Accounts and Audit regulations 2003 to improve transparency of reporting remuneration
Follow Up Flag: Follow up
Flag Status: Completed

I support the general thrust of the proposals to achieve greater transparency on the basis that they ought to apply to all public servants including senior civil servants and senior managers in Government funded bodies including Health Service organisations and Agencies, with the exception of the issue set out below.

I object to the proposals around publication of pension entitlement as this will be very misleading if projected entitlements are included – this is easily misinterpreted as a *guarantee* of what will be received when it is, in fact dependent on continuing employment at the same level of remuneration. Retirement age is, to some degree, a matter of personal choice and public speculation about this is not a matter of public interest relating to the disclosure of accounts for a particular year. Similarly, an individual's pension benefits are personal data and may relate to previous service which is not in the public sector. A much more sensible approach would be to publish the amount of employer contributions made in a particular year towards the individuals pension benefits.

[REDACTED]
Chief Executive



Phone: [REDACTED]

Email: [REDACTED]

Note:

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Newark and Sherwood District Council Legal Disclaimer.

Thank You.

12/4

[Redacted]

From: [Redacted]
Sent: 20 July 2009 13:55
To: consultation@north-herts.gov.uk
Subject: Proposed Changes to the Accounts and Audit Regulations

Please see consultation response in blue text below

Topic of this consultation: Consultation on amending the Accounts and Audit Regulations 2003 (S.I. 2003 No. 533) to improve transparency of reporting of remuneration of senior officers in public bodies

Scope of this consultation: 1. Extend reporting requirements on public bodies, when producing their annual statement of accounts, to include additional information about the remuneration of senior officers.

2. We propose to include within remuneration disclosure details about senior officers

We consider that if we report staff with gross earnings over £50k in the financial year a definition of what is senior or whether to include staff acting up is unnecessary.

3. (a) salary; (b) bonuses; (c) additional payments; (d) compensation or ex gratia payments; (e) benefits in kind and (f) pensions.

We have concerns about the pension entitlement part which would require us to get information from Serco which we wouldn't normally hold. If pension information is to be disclosed it should be just the pension accrued in that financial year and not a projection of the final pension.

In regard to the other expenses listed we think there would be a privacy issue with individuals identifiable. Collection of the information will be onerous. Unless this is also made a requirement for private sector accounts as well we consider it should be resisted

4. We propose to define 'senior' as the head of the authority's paid service and 1st tier officers (i.e. those who report to the head of paid service for example a Director, Chief Officer or Strategic Director).

5. A change to the way staff earning over £50,000 is reported, breaking this down into £5,000 bandings in place of the existing £10,000 bandings.

6. These proposals will affect local authority bodies covered by the Accounts and Audit Regulations 2003, and will include councils; joint authorities; the Greater London Authority (and its bodies including TFL), transports authorities, National Park authorities, Waste authorities, and Police and Fire Authorities.

[Redacted]

Corporate Human Resources Manager

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North

Yorkshire County Council
Finance and Central Services

94

Received 14/06/09

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Corporate Accountancy Service Unit
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E-mail: accounts@northyorks.gov.uk
www.northyorks.gov.uk

10 June 2009

Dear [REDACTED]

CONSULTATION ON AMENDING THE ACCOUNTS AND AUDIT REGULATIONS 2003 (SI 2003 NO 533) TO IMPROVE TRANSPARENCY OF REPORTING OF REMUNERATION OF SENIOR OFFICERS IN PUBLIC BODIES

With reference to your letter of 30 March 2009 in relation to the above consultation, the comments of North Yorkshire County Council are set out below.

1. A proposed level of disclosure for senior officers in terms of salary, bonuses, additional payments, payments in kind, compensation/ex gratia payments and pension entitlements

The major area of concern by the County Council in relation to these disclosures is the Pension entitlements item.

There are several areas that require clarification and consideration as to whether the proposed figures to be disclosed will provide any meaningful information as follows:

- clarification of the word 'value' – does this mean current value of the annual pension and lump sum or the cash equivalent transfer value of the total benefits; we cannot see any value in providing this information at the beginning and the end of the year.
- the 'value' is also requested projected to normal retirement age. There are a couple of points in this area to consider:
 - normal retirement age can be any age from age 60 depending on a member's service; therefore the figures provided may not be comparative between individuals.
 - providing figures at normal retirement age assumes the member will continue in the fund until this date.
- members' benefits are personal to them and could include factors such as Added Years contracts, Additional Regular Contributions contracts or Additional Voluntary Contributions. All of which are a personal contribution made by the member without an



additional contribution from the employer and, therefore, putting no strain on the fund; we do not believe therefore this information should be included. Senior managers joining Local Government later in their career may transfer large value pension benefits and it would be unrepresentative to include as part of 'Local Government benefits' – difficult to separate out. More senior managers will be flexibly retiring, with one set of pension benefits being paid yet building a 'new pot' – how could this be set out clearly?

- members' benefits can also include pension sharing orders, which again are very personal and will be easily recognisable as any member with a pension sharing order will have benefits lower than his peers.
- although it may be arguable that pension benefits partly funded by the public purse should be published, it is wholly inappropriate that personal investment data (and sacrifice in the case of Pension Sharing Orders) should be in the public domain.

A second point to clarify is whether disclosure would be by job title, name or both. If it is expected that officers' names are disclosed the potential implications of this should be considered carefully.

2. A definition of 'senior'

The consultation document seems reasonably clear in this area, ie 'Head of Paid Service' and the 'people' in the organisation who are required to report to the 'Head of Paid Service' (first tier managers, Directors, Chief Officer or Strategic Director).

The position of others, who may earn more than this definition of 'senior', does however need to be raised and clarified. An obvious example is some Headteachers.

3. A proposed change to the way staff earning over £50k is reported, breaking this down into £5k bandings in place of the existing £10k bandings.

Two comments on this proposal are that:

- (i) doubles the size and complexity of this table of figures; and
- (ii) the £50k starting point has been in place for a number of years now and should be increased as more and more senior employees, particularly teachers, fall above this threshold each year.

Yours sincerely



Assistant Director – Corporate Accountancy Service Unit



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20 July 2009

Dear [redacted]

CONSULTATION ON AMENDING THE ACCOUNTS AND AUDIT REGULATIONS 2003 (SI 2003 NO 533) TO IMPROVE TRANSPARENCY OF REPORTING OF REMUNERATION OF SENIOR OFFICERS IN PUBLIC BODIES

I refer to both my earlier response of 10 June 2009 to the initial consultation, (a copy of which is attached) and your subsequent letter of 12 June 2009 which attached the draft SI and extended the consultation to 20 July 2009.

Having considered your later communication of 12 June North Yorkshire County Council's comments remain basically unchanged.

1. Whether the proposed areas of remuneration reporting when presented together will provide a true and fair view of each senior officer's package of benefits

The County Council's major concern in this area remains the suggested pensions disclosure. Our initial concerns are set out in my earlier response attached.

The major issue is that based on the draft SI the figures disclosed will be heavily affected by personal circumstances as opposed to being dependent on the salary for the post, or having any impact on the liability of the County Council or strain on the Pension Fund.

Members benefits are personal to them and could include various factors such as Added year contracts and additional voluntary contributions. These are personal contributions made by the Member without any additional contribution from the employer and therefore putting no strain on the Pension Fund. We do not therefore believe this information should be included.

Members' benefits can also include pension sharing orders which again are very personal and will be easily recognisable as any Member with a pension sharing order will have benefits lower than his peers.

2. Whether consultees foresee any burden or costs to collecting and reporting the proposed areas of remuneration information in published annual accounts

There are no significant barriers or costs to collecting the information based on being able to use existing information such as the officers annual benefits statement for Pensions.

[redacted]

The major issue for the County Council however is the actual Pensions information that would be reported as covered in point 1 above. Such figures will be heavily influenced by various personal circumstances and therefore result in significant variations in the figures disclosed which are not a result of the post being held or have any impact on the employer or strain on the Pension Fund.

3. How best to define "senior" in the Regulations

Accepting the definitions provided the position of Headteachers remain unclear. The remuneration packages of some teachers are higher than the level for those employees being covered by the regulations (Chief Executive, Chief Officers, etc). The proposed definition of 'senior' does not seem to include Teachers.

4. Adjusting the reporting requirement to count the number of employees earning £50k or more a year in narrower banding of £5k

Our comments remain as before ie:-

- (i) doubles the size and complexity of this table of figures and
- (ii) the £50k starting point has been in place for a number of years now and should be increased as more and more senior employees particularly teachers, fall above this threshold each year.

5. A further comment


Clarification is required as to whether the disclosure would be by job title, name or both. If it is expected that officers' names are disclosed the potential implications of this should be considered carefully.


Yours sincerely




Assistant Director – Corporate Accountancy

Enc


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Chief Executive

Received: 03/07/09



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Our Ref: [REDACTED]
Your Ref: [REDACTED]
Contact: [REDACTED]
Ext/Direct Line: [REDACTED]
E-mail: [REDACTED]
Date: 29th June 2009

Dear [REDACTED]

Consultation on amending the Accounts and Audit Regulations 2003 (SI 2003 No 533) to improve transparency of reporting of remuneration of senior officers in public bodies.

I refer to your letter of the 30th March 2009 and subsequent letter of 12th June 2009 attaching the draft SI and thank you for consulting us on this matter.

The principle that the remuneration to the most senior employees in local authorities should be published and open to the public to know is accepted.

It is agreed that this should include salary, expenses and allowances, bonuses, additional payments relating to their work for the Council, ex-gratia payments related to work for the Council and relevant benefits in kind where applicable.

The principle of publishing payments in relation to termination of employment of senior employees is supported.

It is questionable whether senior employees who also act as Returning Officer or Deputy Returning Officer for European, General, County and Shire District elections should have payment for this included as part of their remuneration. The role performed is statutorily independent from the Council and carries its own personal legal liabilities. The fees for all but the election of the employing Council are paid by other agencies and therefore not by the local taxpayer. Whilst in some Councils this role is performed by the Chief Executive, this is not always the case. I agree that it can be argued the other way, but would suggest that this needs some further thought.

The inclusion of future pension entitlement is however definitely problematic. There is no direct relationship between what is paid by an authority and the actual final pension. Each authority's pension contributions are based on the three-yearly actuarial evaluation and the actual pension to which someone is entitled under the LGPS will depend on their length of service in local government, not just their current employer. It is also the case that entitlement may be affected by mid-career transfers from other pension funds, personal choices in relation to voluntary contributions, etc.



Given this lack of connection between the employing authority and the pension entitlements that senior employees may have from the totality of their career, it does not seem to aid understanding or transparency to publish this information and we would suggest that it be excluded.

The proposed definition of "senior employee" seems to be workable in that it will relate to officers who hold senior positions and not just be based on a largely arbitrary figure. We therefore support this.

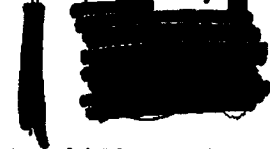
Reporting in bands of £5,000 poses no specific difficulties.

The proposed inclusion of temporary holders of senior positions faces some specific difficulties. If someone is appointed as a temporary salaried individual, then the remuneration can be reported on a comparable basis with permanent employees. However if a Council contracts with an agency or a company to provide an interim manager, the arrangements can be quite different and determining how to compare payments to an agency or a company with actual remuneration is a complex matter.

For example, a contracted interim manager will be paid a rate which includes all overheads to their company and this rate would have to be compared with the full gross cost of a permanent employee including many overheads to be a meaningful comparison. Arrangements with companies may include a higher level of expenses or other variations as part of a commercial arrangement with the agent or company. Again it will be very hard to achieve transparency in any meaningful way and we would suggest that unless a solution can be found that works fairly to all, this should not be included.

Finally, we feel that consideration should be given to extending any rules that are adopted to apply to equivalent senior employees in the civil service, NDPB's, and all public bodies. We feel that it does not aid transparency if only one sector of the senior workforce in the public sector is subject to comparable publication.

Yours sincerely

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Chief Executive

34

CORPORATE SERVICES DIRECTOR
CORPORATE SERVICES GROUP
Town Hall, Nuneaton,
Warwickshire, CV11 5AA

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Your Ref:

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Typetalk Registered

Date: 22nd May 2009

[REDACTED]

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[REDACTED]
Communities & Local Government,
Local Government, Workforce, Pay & Pensions,
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Eland House,
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SW1E 5DU.

Dear [REDACTED]

Consultation on amending the Accounts and Audit Regulations 2003 (S.I. 2003 No. 533) to improve transparency of reporting of remuneration of senior officers in public bodies

Further to your letter of 30th March 2009, I consulted with affected staff and unions and have agreed this response with them and our Cabinet. The views of Nuneaton & Bedworth Borough Council on the proposed changes are given below.

Disclosure of Remuneration

The freedom of information act provides for this sort of advice to be publicly available. Where no requests for information have been received should we not be assuming that people are not (sufficiently) interested?

If a positive duty to publish is required then should it should be through the medium the council's publication scheme so that the public need only look in one place for information about their Council.

The heads of payment appear to be very comprehensive and to cover all types of payment made to officers. The requirement to publish the previous year's information would presumably be otiose after the first year of reporting.

Senior Employees/Officials

How best to define 'senior' in Regulation

For the sake of legislative harmony and simplicity, the definition of "senior" should be the same as the definition of non statutory chief officer given in s.2 (7) Local Government and Housing Act 1989.

How to include individuals acting at a senior level whose position may not be permanent but who make recommendations or take decisions about public money

Given the complexity of local government and the number of different consultants contracted during any given year the drafting for such a requirement is likely to be so wide as to be very vague or so specific as to be lengthy/unworkable. If temporary staff must be included then something simple should be adopted such as those employed as interim managers either directly or through an agency/company.

Reporting Level

In order to improve transparency within organisations' workforce it is proposed to adjust this reporting requirement by narrowing the £10,000 bandings to £5,000.

As that is consistent with ICO guidance the proposal is acceptable, though one would again question whether these requirements should not be dealt with via the Publication Scheme.

Summary of the points on which views are being sought

Q: We invite views on whether the proposed extent and focus of remuneration reporting, when presented together, will fulfill the objective of providing a true and fair view of each senior officer's package of benefits. We also invite comments on whether consultees foresee any barriers or costs to collecting and reporting this information in published annual accounts.

A: The freedom of information act provides for this sort of advice to be publicly available. Where no requests for information have been received should we not be assuming that people are not (sufficiently) interested?

If a positive duty to publish is required then should it should be through the medium the council's publication scheme so that the public need only look in one place for information about their Council.

The heads of payment appear to be very comprehensive and to cover all types of payment made to officers. The requirement to publish the previous year's information would presumably be otiose after the first year of reporting.

Q: We invite consultees' views on how best to define 'senior' in Regulation. We recognise that as the term can mean different things in different organisations, it is important to obtain the widest possible response to this particular aspect of the current proposals.

A: For the sake of legislative harmony and simplicity, the definition of "senior" should be the same as the definition of non statutory chief officer given in s.2 (7) Local Government and Housing Act 1989.

Q: We also invite views on whether and how to include individuals acting at a senior level whose position may not be permanent but who make recommendations or take decisions about public money.

A: Given the complexity of local government and the number of different consultants contracted during any given year the drafting for such a requirement is likely to be so wide as to be very vague or so specific as to be lengthy/unworkable. If temporary staff must be included then something simple should be adopted such as those employed as interim managers either directly or through an agency/company

Q: We invite views on the proposal to adjust the reporting requirement to count the number of employees earning £50,000 or more a year in narrower bandings of £5,000.

A: As that is consistent with ICO guidance the proposal is acceptable, though one would again question whether these requirements should not be dealt with via the Publication Scheme.

Yours sincerely,

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A small black rectangular redaction box covering the name of the sender.

Corporate Services Director