

Eden District Council

Council

20 April 2017

**Report of the Independent Remuneration Panel on the
Scheme of Members' Allowances**

Report of the Director of Finance

1. Purpose of the Report

- 1.1 The purpose of the report is to consider the recommendations made in the report of the Council's Independent Remuneration Panel (IRP): the report is appended.

2. Recommendation

After considering the report of the IRP, a Scheme of Allowances is agreed to run from the new municipal year which starts in May 2017.

3. Background of the Report

- 3.1 It is a requirement of Government regulations that a council must consider a report from its IRP before adopting or amending a Scheme of Allowances.
- 3.2 The current Scheme of Allowances runs for four years and ends at the end of this municipal year. The Council's IRP has undertaken a review of the current Scheme and their report is appended.
- 3.3 In considering the recommendations of its IRP, Council is not bound to follow the recommendations.

4. Policy Framework

- 4.1 The Council has four corporate priorities which are:
- Decent Homes for All
 - Strong Economy, Rich Environment
 - Thriving Communities
 - Quality Council
- 4.2 The recommendations within this report are relevant to the Quality Council priority.

5. Implications

5.1 Legal

- 5.1.1 The Members' Allowances Scheme forms Part 6 of the Council's Constitution. Whilst the Council must consider the recommendations of the IRP before it makes any changes to its Scheme of Allowances, it is at liberty to adopt provisions not in accordance with those recommendations. If it does this, the Council must be very clear in stating their reasons, as any departure must be capable of withstanding public scrutiny.

5.1.2 Under the Local Authorities (Members Allowances) (England) Regulations 2003 (“the Regulations”), before making or amending its allowance scheme, the Council has a duty to have regard to the recommendations made in relation to it by the IRP. Once the report is received, the Council is also required to ensure that copies are available for inspection by the public, and a notice published in a local newspaper advising of its receipt. This has been done, and appropriate notice has been published in the press.

5.1.3 If Members resolve to amend the Members’ Allowance Scheme, officers will place an advertisement in the press setting out the details of the revised scheme that will be in effect from the new municipal year.

5.2. Financial Implications

5.2.1 Any decision to reduce or increase resources must be made within the context of the Council’s stated priorities, as set out in its Council Plan 2015-2019, as agreed at Council on 17 September 2015.

5.2.2 The recommendations of the IRP will increase the costs of Basic Allowance and Special Responsibility Allowance by £3,390 over the budget set for 2017-2018 on 16 February 2017.

	2017-2018 Budget £	IRP Recommendation £
Basic Allowance	140,780	141,130
Special Responsibility Allowance	46,920	49,960
Total	187,700	191,090

5.2.3 The 2017-2018 budget for Members’ travel and subsistence was set at £24,240. Examination of recent years’ out turns show this budget is too high. A figure of £13,000 is in line with current trends. It is there proposed that the recommendation of the IRP be agreed and funded by virement of £3,390 from Members’ Travel and Subsistence. This will leave a sum of £10,550 which will be deducted from Members’ Travel and Subsistence when the 2017-2018 Revised Budgets are compiled.

5.3 Equality and Diversity

5.3.1 The Council has to have regard to the elimination of unlawful discrimination and harassment and the promotion of equality under the Equality Act 2010 and related statutes.

5.3.2 There are no implications.

5.4 Environmental

5.4.1 The Council has to have due regard to conserving biodiversity under the Natural Environment and Rural Communities Act 2006.

5.4.2 There are no implications.

5.5 Crime and Disorder

5.5.1 Under the Crime and Disorder Act 1998, the Council has to have regard to the need to reduce Crime and Disorder in exercising any of its functions.

5.5.2 There are no implications.

5.6 Children

5.6.1 Under the Children's Act 2004, the Council has to have regard to the need to safeguard and promote the welfare of children in the exercise of any of its functions.

5.6.2 There are no implications.

5.7 Risk Management Implications

5.7.1 Risk Management is a process whereby attempts are made to identify, actively control and reduce risk to protect the Council. This covers not only the traditional areas of insurable risk but also the organisational risk that the Council faces in undertaking all its activities.

5.7.2 Regulations require a Scheme of Allowances to be agreed after due consideration of the IRP's independent recommendations, mainly to ensure that such schemes are set, and are seen to be set, through an impartial and evidence-based process.

5.7.3 As the IRP is an independent body, there is little risk in accepting their recommendations. Whilst the Council is free not to accept the recommendations of the Panel (except in relation to pension arrangements), it should have strong reasons for doing so. This is particularly the case if the Council wished to agree a Scheme more expensive than the one recommended by the IRP.

C W Howey
Director of Finance

Governance Checks:

Checked by, or on behalf of, the Chief Finance Officer	✓
Checked by, or on behalf of, the Monitoring Officer	✓

Background Papers:

DCLG regulations re Members' Allowances

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Report of the Independent Remuneration Panel

20 April 2017

Review of the Scheme of Allowances for the Members of Eden District Council

1. Background

Government regulations require that any amendment to the Scheme of Allowances for a local authority should be made following the consideration of a report by its Independent Remuneration Panel (IRP). The Council's IRP comprises:

Michael Smillie, public sector
Graham Carruthers, business community

During the period of this review, attempts were made on two occasions to recruit a third member of the Panel as there was a vacancy. On both occasions the advert failed to attract any interest. The Panel is quorate with two members and it was agreed that, although it is disappointing not to have three members, in view of the deadline for the new Scheme to be approved, the Panel would progress with the two existing members.

The existing Scheme of Allowances (the Scheme) was agreed following consideration of the Panel's report to Council on 11 April 2013. It came into force in May 2013. The Scheme was set to run for four years, subject to an annual indexation. The IRP were to conduct a review of the Scheme so they could recommend a new Scheme to come into place from May 2017.

2. Recommendations

2a In Summary

The Scheme is left unchanged except for:

- An updated basic allowance to reflect current (2017) comparative values
- the Special Responsibility Allowance for the Planning Committee Chairman is increased from 50% of Basic Allowance to 100%
- an amendment is made to Schedule 3: Mileage Rates Payable, regarding incapacity to drive.

2b In Detail

From the commencement of the next municipal year in May 2017, the Scheme of Allowances is as follows:

- 1 The Basic Allowance will be £3,714 per annum (prior to indexation);
- 2 Special Responsibility Allowance should be paid in addition to Basic Allowance for the following posts at the stated levels:

Member Role	%
Leader	300
Deputy Leader	125
Executive Member	125
Chairman of Council	16.67
Chairman of Licensing Committee	16.67
Chairman of Planning Committee	100
Chairman of Accounts and Governance Committee	33.33
Chairman of Scrutiny Co-ordinating Board	50
Chairman of Scrutiny Committee	33.33
Group Leader: Largest Group	8.33
Group Leader: Next Largest Group	4.16

No more than one Special Responsibility Allowance may be claimed.

- 3 The Scheme runs for 4 years, with the IRP conducting a review before the end of this period;
- 4 The Basic and Special Responsibility Allowances are updated on the anniversary of the Scheme's modification, by applying the percentage increase awarded to Council staff applicable that year. The first uplift would apply from April 2018;
- 5 Mileage allowances payable to Members be as follows:
 - a cars - as per the officer Casual User rates for cars between 1000cc and 1199cc – the rate for passengers (Eden Members and officers) be 12p for every passenger;
 - b motorbikes and bicycles – the rate be the relevant HMRC 'no profit' rate; and
 - c where a Member is unable to drive, the full cost of taxi or private hire fares, at the prevailing rate, is claimable. (This is subject to the prior approval of the Director of Finance).
- 6 Approved Duties, as set out in Schedule 2 to the current Scheme, are left unchanged;
- 7 Subsistence - the rate be nil, except for overnight stays where actual reasonable costs can be claimed;
- 8 Allowances are not pensionable; and
- 9 An allowance of £101 is paid to co-optees of the Accounts and Governance Committee. (This has not been required the Scheme for 2013-2017).

3. Approach Taken

The Panel considered a range of information as follows:

- the existing Scheme;
- responses to questionnaires:
 - one sent to all Members of the Council (the Panel was pleased that 26 out of 38 Members responded); a response rate of 68%, similar to 2013;
 - the questionnaire referred specifically to areas of Special Responsibility Allowance
- comparative information on allowance levels and other Scheme aspects from similar district councils in Cumbria and one District Council from North Yorkshire;
- local wage rates (Office of National Statistics);
- comments made by Members during the existing scheme.

4. Basic Allowance

Following Government guidance, the Basic Allowance is calculated as follows:

Average weekly hours on Council business

less an element deemed voluntary

x

an appropriate hourly rate

The comparator information showed that few other councils went back to ‘first principles’ in calculating Basic Allowance. However, the Panel felt this was an important step in reviewing the allowance, though they recognised the result would need to be balanced against other information.

It was not clear from the comparative information how other councils calculated their Basic Allowance. However, the Panel felt that this should, in effect, be the starting point in reviewing the Allowance, although it was recognised that the result would need to be balanced against other information.

The current Basic Allowance of £3,597 is calculated following the above principles as set out below:

Average weekly hours on Council business	10 hours
	x 52 weeks
less an element deemed voluntary	-18 %
average hourly rate in district	x £8.35
	<u>£3,561</u>
add 1% uplift agreed from 2016	<u>£3,597</u>

Note: in 2013 a calculation was undertaken as follows using 2012-13 price levels:

Average weekly hours on Council business	12.5 hours
	x 48 weeks
less an element deemed voluntary	-18 %
average hourly rate in district	x £7.56
	<u>£3,719</u>

At that time, the Panel concluded there was no compelling evidence for them to recommend an increase of the Basic allowance. The Panel therefore recommended that the Basic Allowance remained at £3,561 from May 2013.

Returns from the questionnaires sent out as part of this review indicated that the average time spent on basic councillor duties was 12.5 hours. This is similar to 2013, although 9 Members said they spent 13hours to 16 hours and 4 said more than 16 hours, the Panel felt that the 12.5 hours figure remained a reasonable one to use.

Similar to 2013, 54% of respondents felt that the voluntary deduction level should remain between 1% and 25%. The Panel therefore thought there was no basis for changing the current voluntary deduction of 18%.

Recent wage rate figures for the district are available from the Office of National Statistics. This gave wage rates for full-time and part-time work. The Panel felt that the hourly rate for part-time work within the district was a reasonable figure to use.

Taking account of these factors, this would give a Basic Allowance of £3,774, calculated as follows:

Average weekly hours on Council business	12.5 hours
	x 48 Weeks*
less an element deemed voluntary	-18 %
average hourly rate in district	x £7.67
Total Basic Allowance	<u>£3,774</u>

**To determine total hours worked in a year, the Panel thought it was reasonable to assume that there were some periods when Members were not available for Council work, for example, when on holiday. A period of 48 weeks was used to reflect this.*

The Panel were concerned that comparing this to the existing rate of £3,597 was a 5% increase on the current amount. However, in approving the Scheme in 2013, it was agreed that the Allowance should be aligned with the uplift in the staff pay award. Applying this to the Basic Allowance agreed in 2013 gives the following calculations:

Allowance at 2013	£3,561
Pay Award Received in January 2015	<u>2.25 %</u>
	£3,641
Pay Award 1 April 2016	<u>1 %</u>
	£3,677
Pay Award Due 1 April 2017	<u>1 %</u>
	<u>£3,714</u>

The pay award for 1 April 2017 was determined in 2016, that is, it was agreed between Unions and Employers that on 1 April 2016 and 1 April 2017, staff would receive 1%.

The figures were reviewed against a number of other factors as follows:

- The Panel commend Councillors on their financial restraint in not accepting the 2.25% pay award from 1 January 2015
- Basic Allowances of the comparative authorities used ranged from £3,000 to £4,887. The average of this was £3,728: very close to the current proposal of the IRP
- 16 out of 26 responding Members thought that the current Basic Allowance was 'about right' and 10 thought it was 'too low'
- The Panel noted that the calculation of Basic Allowance of £3,774 did have a sound logic to align the Allowance with staff pay awards, but £3,714 would link back to where the current allowance would have been had annual uplifts been applied in common with council staff.
- The Panel noted that in the 2015 elections, 21 out of the 38 Council seats were uncontested. One of the factors behind this low level of competition could be the amount of allowance on offer.

On balance, as already stated, the Panel commend Members on their restraint over the years, but feel that because of the factors mentioned above, the allowance should be uplifted to bring it into line with current rates. There is therefore a clear choice between paying £3,774, or £3,714 per annum. The recommendation of the Panel is that the Basic Allowance is set at £3,714 from May 2017.

5. Special Responsibility Allowances

Following Government guidance, the Council's Special Responsibility Allowances are based on multiples of the Basic Allowance. The current position is:

	Special Responsibility Allowance Expressed as a Percentage of Basic Allowance
Leader	300
Executive Member (including Deputy Leader)	125
Chairman of Council	16.67
Chairman of Licensing Committee	16.67
Chairman of Planning Committee	50
Chairman of Accounts and Governance Committee	33.33
Chairman of Scrutiny Co-ordinating Board	50
Chairman of Scrutiny Committee	33.33
Group Leader: Largest Group	8.33
Group Leader: Next Largest Group	4.16

In addition, an allowance of £101 is paid to co-optees to the Accounts and Governance Committee.

The Panel reviewed the existing Special Responsibility Allowances in the light of comparative information from other districts, and also from the questionnaire returns in which Members had been asked how they viewed the existing allowances. The questionnaire also asked those Members in receipt of the Special Responsibility Allowance for their workload and opinions.

The Panel was also mindful that any increase in the Basic Allowance would directly impact on the Special Responsibility Allowance, as the latter is directly based on the former. The Panel noted that the majority of Members thought that most of the Special Responsibility Allowances were about right. The Panel focused on the areas where a number of Members felt that the allowances might not be about right:

- Chairman - Similar to 2013, 11 Members said they thought the Chairman's Allowance was too low. The Panel felt that this was probably because respondents were not aware that the Chairman's Allowance in the Scheme of Allowances only related to the role of Chairing the Council. The majority of the payment to the Chairman for civic duties is separate and outwith the Scheme. The Panel were clear that the Chairman's role remains unchanged and no change to the Special Responsibility Allowance is proposed. Indeed, 15 respondents said that the Chairman's Allowance was 'about right'
- Planning Committee Chairman – 10 Members said they thought the Allowance was too low; 14 Members thought it 'about right' and 1 Member thought it was 'too high'. The Panel noted that Planning Committee is the only Committee which meets on a monthly basis and, at times, generates the most debate. In addition, the other Councils used for comparison pay this role from 59% to 133%. The allowance paid by Eden is lower than all those used for comparison. The Panel therefore recommend that the Special responsibility Allowance payable to the Chair of the Planning Committee be increased from 50% to 100%.

The Panel decided not to make any changes to other Special Responsibility Allowances, resulting in the following proposals:

Summary of Special Responsibility Allowance Proposals

The above proposals would produce the following Special Responsibility Allowances* (expressed as a percentage of Basic Allowance):

Number of Posts		Current %	Proposed %
1	Leader	300	300
1	Deputy Leader	125	125
5	Executive Member (ex Leader and Deputy)	125	125
1	Chairman of Council	16.67	16.67
1	Chairman of Licensing Committee	16.67	16.67
1	Chairman of Planning Committee	50	100
1	Chairman of Accounts and Governance Committee	33.33	33.33
1	Chairman of Scrutiny Co-ordinating Board*	50	50
2	Chairman of Scrutiny Committee	33.33	33.33
1	Group Leader: Largest Group	8.33	8.33
1	Group Leader: Next Largest Group	4.16	4.16

**The Scheme precludes any Member claiming more than one Special Responsibility Allowance*

6. Non-Allowance Aspects of the Scheme

Members were asked about the non-allowance aspects of the scheme:

- scheme length - currently 4 years
- scheme indexation - currently indexed to the annual pay award for local government staff
- mileage payments - currently as set out in Schedule 3 to the Scheme of Allowances. Key elements are:
 - mileage paid at the same rate as officers (paid nationally agreed rate for cars more than 1000cc)
 - 12p per mile for every passenger
- approved duties - currently as set out in Schedule 2 to the Scheme of Allowances
- subsistence payments - currently only paid where an overnight stay is involved
- pensions - currently allowances are not pensionable

The Panel noted comments by the Director of Finance that the Scheme has run well and he is not aware of any adverse comments from Members.

The Panel also considered the issue of incapacity to drive. At present, the Scheme says that

*"should a Member **become** incapacitated and is no longer able to drive, the Director of Finance can authorise the cost of taxi fares, or private hire fares, subject to:*

- *the contribution on relating to Approved Duties, as set out in Schedule 2*
- *all contributions claimed being supported by receipts of the full costs of the taxi journeys"*

The Panel considered that being unable to drive should not bar anyone from standing for election. The Panel therefore recommend that this be changed to say:

"if a Member is incapacitated and not able to drive, the Director of Finance can authorise the cost of taxi fares, or private hire fares, subject to:

- the contribution only relating to Approved Duties, as set out in Schedule 2
- all contributions claimed being supported by receipts for the full cost of the taxi journeys
- the maximum payable in any Municipal Year will be limited to the current Basic Allowance payable"

In the questionnaire, Members were asked if they were supportive, or not, of these elements remaining unchanged. In all cases, Members were clear that the current arrangements should remain. The Panel were clear that they agreed with the overwhelming wish of Members that Allowances should not be pensionable.

7. Funding

The Panel have not considered the funding available for the amended Scheme. This is clearly a matter for the Council to consider, as it must justify its actions in considering the report and be able to justify any increases to the Council Tax payers of the district. The Panel are aware, however, that recommendations should be met by existing budgets, as to claim excessive Allowances would no doubt generate adverse comments from the public of the district.

8. Conclusion

The Panel consider:

- the current Scheme is soundly based
 - based on the latest information in relation to workload and wage rates and previous uplifts, the Panel consider a Basic Allowance of up to £3,714 can be justified. The Panel can justify by calculation that an Allowance of £3,774 could be recommended, but the Panel are minded to recommend the lower figure, taking into account the restraint applied by the Council itself during the course of the current scheme.
 - comparative information shows that Special Responsibility Allowances are approximately average. However, the majority of Members do consider Allowances to be about right, and that therefore the panel recommends one SRA only to be amended as follows.
- Chairman of the Planning Committee - the Special Responsibility Allowance increases from 50% to 100%
 - non-allowance aspects of the Scheme remain unchanged and in particular, Allowances are not pensionable

Michael Smillie – Chairman
Graham Carruthers