


Agenda Item No:	10	
Committee:	COUNCIL	
Date:	5 NOVEMBER 2015	
Report Title:	REVIEW OF MEMBERS' ALLOWANCES SCHEME	

1 Purpose / Summary

To present to Council the conclusions and recommendations of the Independent Remuneration Panel (IRP) in respect of its review of the current Members' Allowances Scheme.

2 Key issues

- The Council is statutorily required to review its Members' Allowances Scheme at least every 4 years.
- The current scheme was last reviewed in November 2011.
- As set out within The Local Authorities (Members' Allowances) (England) Regulations 2003, all Members' Allowances Schemes must include a Basic Allowance that is paid equally to all Members of the Council and may make provision for the payment of Special Responsibility Allowances to members who hold positions of significant additional responsibilities over and above the generally accepted duties of a Councillor.
- Before the Council can make or amend its Members' Allowances Scheme, it must have regard to the recommendations of the IRP.
- When revoking a Members' Allowances Scheme, the new scheme may only come in to effect from the following financial year e.g. 1st April 2016 unless the IRP recommends that allowances are backdated.
- The IRP has undertaken a review of the current scheme and has made recommendations which are contained within the report.
- The proposed Members' Allowances Scheme is contained at Appendix 1.
- The Panel's recommendations set out below have an overall financial saving to the Members' Allowances budget of **£19,703**.

3 Recommendations

- That the Council has regard for the recommendations of the IRP in formulating a Members' Allowances Scheme, to come into effect from 1st April 2016 and authorises the Monitoring Officer to make such typographical amendments as are necessary to produce clean text copies of the Constitution.

The recommendations include:

- (1) Members acknowledge receipt on behalf of the Authority of the Independent Remuneration Panel's report.

Basic Allowance:

- (2) The Basic Allowance to remain at the current rate of £4,677.

Special Responsibility Allowances (SRA):

- (3) SRA payments to remain at the current rate with the following exceptions:
- (4) The higher and lower allowances for the Cabinet to be replaced with one consistent allowance for all Cabinet members of £8,500.
- (5) The allowances for the Chairman of Overview and Scrutiny and Chairman of Planning to be reduced slightly from £8,148 to £8,000.
- (6) Delete the allowances for the Vice Chairman of Overview and Scrutiny and Vice Chairman of Planning.
- (7) The allowance for the Main Opposition Group to remain the same however in the scenario that there is more than one Group Leader that qualifies for this allowance, the allowance will be provided in full to each Main Opposition Group Leader and not split
- (8) The allowance for the Other Opposition to be reduced to £2,000. In the event there is more than one Group Leader who qualifies for this allowance, the allowance will be split equally between the Group Leaders.
- (9) The levels of Special Responsibility Allowances to be set as at 5.11.
- (10) SRA Payments to stay the same throughout the period these allowances apply.
- (11) SRA payments to be limited to 1 per Member.

Co-optees' Allowance:

- (12) Co-optee's allowance to be reinstated at a rate of £500 per annum.

Travelling and Subsistence:

- (13) Travelling and Subsistence rates to remain the same as now.

Dependents' Carers' Allowance:

- (14) Rates and criteria to remain the same with the additional clause, "Individual arrangements can be made with the Council via the Leader of the Council and Monitoring Officer for flexible financial arrangements for Dependents' Carers' Allowance which would not exceed the payments made under the current criteria, reflecting the individualising of social care packages nationally."

Backdating Allowances:

- (15) The Council's new Members' Allowances Scheme to be effective from 1st April 2016.

Annual Adjustment of Allowances:

- (16) To remove the indexation of Members' Allowances to employee pay awards. For allowances to increase by 1% per year from 1st April 2017-1st April 2019, however not exceeding employee pay awards. In the event employee pay awards are less than 1% from 1st April 2017, Members' Allowances increases will match those of employees. However Special Responsibility Allowances will not be reviewed or uplifted each year.

Independent Person and Deputy Independent Person:

(17) Rates to remain the same.

Pensions:

(18) To remove reference to Pensions as the law has changed which means Councillors are no eligible to enter the Local Government Pension Scheme.

Equipment and Associated Consumables:

(19) To update this section to reflect the recommendations of Overview and Scrutiny and decision of Cabinet regarding Councillors becoming paperless.

Future Reviews:

(20) The next review of Members' Allowances to take place no later than 2 years from the date of this meeting.

Wards Affected	All
Forward Plan Reference	This report was included on the Forward Plan
Report Originator(s)	Gerard Dempsey, Business Consultant and former CEO of national business chains - Chairman of the IRP Panel Rosemary Green, Chairman of the Fenland Chamber of Commerce, Board Member of the Cambridgeshire Chamber of Commerce and HR Consultant Ian Ramshaw, 30 years' experience of working in sales and marketing
Contact Officer(s)	Carol Pilson, Corporate Director and Monitoring Officer, 01354 622360, cpilson@fenland.gov.uk Geoff Kent, Head of Customer Services, 01354 622290, gkent@fenland.gov.uk
Background Paper(s)	The Local Authorities (Member Allowances) (England) Regulations 2003 Fenland District Council's Members' Allowances Scheme Scope of Members' Allowances Review Council Report, 21 May 2015

Report of the Independent Remuneration Panel on Members' Allowances

November 2015

1 Introduction

- 1.1 The Independent Remuneration Panel (IRP) comprised of three members:
- Gerard Dempsey - Business Consultant and former CEO of national business chains - Chairman of the IRP Panel.
- Rosemary Green - Chairman of Fenland Chamber of Commerce, Board Member of Cambridgeshire Chamber of Commerce and HR Consultant.
- Ian Ramshaw - 30 years' experience of working in sales and marketing.
- 1.2 In undertaking the review, the panel had regard for the Terms of Reference agreed by Council in May 2015 and the "Guidance on Member Allowances' for Local Authorities in England."
- 1.3 The panel received a copy of the current allowances scheme, approved by Council in November 2011 and updated subsequently and the panel was requested to undertake a full review with reference to the scope.

2 Methodology

- 2.1 The panel undertook a training session on Members' Allowances Reviews including Legal requirements for schemes, different methodologies, benchmarking, the basic allowance, special responsibility allowances, travel and subsistence, dependents' carers' allowances, pensions, co-optees allowance and requirements for publicity.
- 2.2 The panel members:
- Received a copy of previous reports from 2007 and 2011;
 - Studied a summary of members' allowances data obtained from Cambridgeshire District Councils plus other CIPFA nearest neighbours for the purposes of benchmarking;
 - Received the results of the survey of Members' views in relation to the current Members' Allowances Scheme;
 - Received a schedule of the current Special Responsibility Allowances;
 - Received a document detailing the remit and frequency of each of the Council's Committees and list of outside bodies.
 - Undertook interviews with a total of 19 Members from a cross-section of the Council's membership as well as the provision of an open invitation to all Members. Interviews spanned:
 - Group Leaders
 - Cabinet Members
 - Committee Chairmen
 - Backbench Members
 - Independent Person
 - Co-opted Member

3 Terms of Reference

3.1 The panel has regard for the terms of reference approved by Council in May 2015 which included:

- To make recommendations as to the amount of Basic Allowance that should be payable to all elected members of the District Council.
- To make recommendations about the roles and responsibilities for which a Special Responsibility Allowance should be payable and the amount of each such allowance.
- To make recommendations about the duties for which travelling and subsistence allowances can be paid and the amount of these allowances.
- To make recommendations as to the amount of the co-optees' allowance.
- To make recommendations as to whether the Council's allowances scheme should include an allowance in respect of the expenses incurred of arranging for the care of children and dependents, the amount of this allowance and the means for determination.
- To determine whether any allowances should be backdated to the beginning of the new term of office for Members, in the event of a new/amended scheme being adopted.
- To determine any other issue covered by the 2003 regulations; including whether annual adjustments should be made to allowance levels by means of an index and, if so, for how long such a measure should last, up to a maximum period of 4 years.
- To make recommendations regarding the remuneration of the Independent Person and Deputy Independent person.
- To report any recommendations to Council in November 2015.

It was also suggested the Independent Remuneration Panel have regard to the following:

- The roles which Councillors are expected to fulfil and the differing roles and responsibilities of particular Councillors.
- The current provision of ICT equipment and related sundries (e.g. paper, ink, toners) to Councillors.
- Practice amongst other local authorities.
- The previous recommendations made and the decision taken by the District Council in respect of the last review.

4 Basic Allowance

4.1 The 2003 Regulations state that an authority must pay a Basic Allowance to all of its members and that the amount must be the same for each member.

4.2 Having studied the results of the Members' survey and listened to the views of those members who attended for interview, the panel is of the opinion that the Basic Allowance should remain the same as it is now at a rate of £4,677.

4.3 Most Members stated that the work of a Councillor was similar to what it was at the last review in 2011 and the allowance was adequate to fulfil the duties of the role.

5 Special Responsibility Allowances

5.1 The panel considered all positions currently in receipt of Special Responsibility Allowances. The panel recommends that the allowances in regard to the following positions remain at the current rates:

- Leader of the Council

- Chairman of Licensing Committee
- Chairman of Staff Committee
- Chairman of Conduct Committee
- Chairman of Corporate Governance Committee
- Chairman of the Council
- Vice Chairman of the Council

5.2 The panel recommends that the allowances in relation to the following positions are amended:

- Cabinet member with more/less Portfolio Holder responsibilities
- Chairman of Overview and Scrutiny
- Vice-Chairman of Overview and Scrutiny
- Chairman of Planning
- Vice-Chairman of Planning
- Leader of the Main Opposition Group
- Leader of other Opposition Groups

5.3 In regards to Cabinet members, Special Responsibility Allowances currently are split into two levels of more portfolio holder responsibility (£9,354) and less portfolio holder responsibility (£8,418) with the Leader of the Council able to allocate which Cabinet members receive which level of allowance. It was acknowledged that different portfolios may have different levels of responsibility, however that each Cabinet member has an equal vote at Cabinet meetings and the same responsibilities in relation to making individual portfolio holder decisions. Therefore, accepting this point and following supportive feedback from Member interviews, the panel recommends **that the different levels of Cabinet allowances are abolished and replaced with all Cabinet members receiving an equal allowance of £8,500.**

5.4 The Panel considered the roles of the Chairman of Overview and Scrutiny and Chairman of Planning. It was clear following interviews with Members that these two positions are of considerable importance and there is a clear demarcation of the level of responsibility and work required to perform these roles as compared to the Chairmen of other committees, which justified the larger allowances these two positions attracted. However, the panel felt that a larger gap was required between the allowances of Cabinet members and the Chairman of Planning and Chairman of Overview and Scrutiny to reflect the greater responsibility Cabinet Members have in relation to decision making. Therefore, the panel recommends **the allowances for the Chairman of Planning and Chairman of Overview and Scrutiny are reduced slightly from £8,148 to £8,000.**

5.5 The Panel considered the roles of Vice-Chairman of Overview and Scrutiny and Vice-Chairman of Planning. Both of these roles attract an allowance which is the same as the Chairmen of Conduct, Staff and Corporate Governance. The Panel felt that the Vice-Chairmen roles were important in supporting the Chairmen of these Committees; however it was not a commensurate responsibility to be a Vice-chairman as compared to a Chairman of a Committee despite the differences in the remit of the Committees. Feedback from Members was that Vice-Chairmen are rarely called upon to chair meetings as the Chairman is mostly present and if any Member was called upon to chair a meeting on an infrequent basis then this would not be seen as an additional

responsibility requiring additional remuneration. **Therefore, the panel recommends deleting the allowances for the Vice-Chairman of Overview and Scrutiny and the Vice-Chairman of Planning.**

- 5.6 The Panel considered the role of the Leader of the Main Opposition and agreed with the previous IRP review that a threshold of 5 members should remain in place. The panel felt that due to the additional responsibility and time commitment of managing a larger political group that **in the event there is more than one Group Leader who qualifies for this allowance, that the allowance should be received in full rather than split equally between qualifying Group Leaders.**
- 5.7 The Panel considered the allowance for the Leader of Other Opposition Groups. The panel recognised that the 2003 Regulations state that within the Council's current circumstances that a special responsibility allowance must be paid to at least one person who is not a member of the controlling group and has certain special responsibilities. The panel considered the additional responsibilities of Other Opposition Group Leaders as well as feedback from Member interviews and **recommends that the Leader of the other Opposition Groups allowance is increased from £1,586 to £2,000, however that this allowance should be split equally between qualifying Group Leaders rather than given in full to qualifying Group Leaders as is the situation at present.**
- 5.8 The Panel gave consideration to the matter of a SRA for the role of Deputy Leader of the Council. The Panel considered that this role was re-introduced by the Council in July 2015 and historically has attracted an allowance. Following consideration of the evidence from Member interviews, it was considered that this is an important role, however, that the role did not demand a significant commitment over and above the role of a Cabinet member. **The panel therefore concluded that a SRA was not required for the role of Deputy Leader.**
- 5.9 The panel considered the maximum limit of SRA's within the current scheme which is set at 2 SRA's per Councillor. The overwhelming feedback from Members was that there were enough Members on the Council for the responsibilities to be shared across that membership without the need to overburden 1 member with more than one special responsibility. **Therefore, the panel recommends that the maximum limit of SRA's be changed from 2 to 1.**
- 5.10 The Panel considered the provision of the £6,000 budget in the current allowances scheme for Special Projects, which has not been used for the last two years. **The Panel therefore recommended that this provision is removed from the scheme.**
- 5.11 List of Special Responsibility Allowances:

Special Responsibility Allowance	Current Allowance	New Allowance
Leader of the Council	£16,509	£16,509
Cabinet	With more Portfolio Holder Responsibility = £9,354 With less Portfolio Holder Responsibility = £8,418	£8,500
Chairman of Overview & Scrutiny	£8,184	£8,000
Vice Chairman of Overview & Scrutiny Panel	£1,637	£0

Chairman of Planning Committee	£8,184	£8,000
Vice-Chairman of Planning Committee	£1,637	£0
Chairman of Licensing Committee	£3,274	£3,274
Chairman of Conduct Committee	£1,637	£1,637
Chairman of Staff Committee	£1,637	£1,637
Chairman of Corporate Governance Committee	£1,637	£1,637
Chairman of Council	£4,116	£4,116
Leader of Main Opposition Group	£5,706	£5,706
Leader of other Opposition Groups	£1,637	£2,000

6. Co-optee's Allowance

- 6.1 The panel considered that co-opted members of the Standards Committee previously received an allowance of £623 per annum. Since the introduction of the Conduct Committee and subsequent updating of the constitution and allowances scheme, co-opted members had received no remuneration. The panel recognised that the changes to the Standards regime had meant a reduction in the amount of work for the Conduct Committee as opposed to the previous Standards Committee due to a national streamlining of processes. The panel interviewed one of the co-opted members of the Conduct Committee and recognised that this Member was required to give up their time to support the work of the Committee and had to make alternative business arrangements to secure their attendance at meetings. Therefore, in recognition of the time commitment and travel arrangements required for the Committee, **the panel recommends that co-opted members receive an allowance of £500 per annum and updated in line with the recommendation in section 10 of the report and that co-optees will be entitled to claim travelling and subsistence in accordance with the terms set out in section 7 of this report.**

7 Travelling and Subsistence

- 7.1 The panel reviewed the current allowances scheme for travel and subsistence. The panel recognised this section of the scheme was substantially revised and brought up to date during the last review. The panel were of the conclusion that the current scheme remains fit for purpose and **therefore do not propose any changes to this section of the scheme (except to include entitlement to claim travelling and subsistence in respect of co-opted members, the independent person and deputy independent person).**

8. Dependents' Carers' Allowance

- 8.1 The provision of a Dependents' Carers' Allowance has been a feature of the Council's Members' Allowances Scheme since February 2002 and to date no claims have been made.
- 8.2 The panel considers it appropriate this allowance remains in the scheme on the basis that the Council wishes to attract and retain Members from a wide cross-section of the community and to assist the participation in the democratic processes by people who would not otherwise be able to do so.
- 8.3 **Therefore, the panel recommends that the current Dependents' Carers' Allowance and criteria be retained with the following additional criteria added "Individual arrangements can be made with the Council via the Leader of the Council and Monitoring Officer for flexible financial arrangements for Dependents' Carers' Allowance which would not exceed the payments made under the current criteria, reflecting the individualising of social care packages nationally."**

9 Backdating Allowances

- 9.1 The Allowances Regulations allow local authorities to apply amendments to allowances payments to be backdated to the beginning of the financial year. **It is the view of the panel that the Council's new Members' Allowances Scheme should be effective from 1st April 2016.**

10 Annual Adjustment of Allowances

- 10.1 The panel considered that the Allowances paid are within the current scheme are updated in line with the annual pay award to the Council's staff. The panel felt as a Councillor is not a salaried position that this may not be the most appropriate mechanism to adjust Members' allowances. **Therefore, the panel recommends that the new scheme comes into effect on 1st April 2016 and for allowances to increase by 1% per year from 1st April 2017-1st April 2019, however not exceeding employee pay awards. In the event employee pay awards are less than 1% from 1st April 2017-1st April 2019, Members' Allowances increases will match those of employees. However the panel recommends that Special Responsibility Allowances will not be subject to this annual review and uplift.**

11 Independent Person and Deputy Independent Person

11.1 The panel considered the roles of the Independent Person and Deputy Independent Person, the changes in Council procedure and changes to national legislation which affected these two roles. The panel also received benchmarking information. Considering all of this information, **the panel felt that the allowances for both roles (Independent Person: £1,032; Deputy Independent Person: £516) were sufficient and should be updated in line with the recommendation in section 10 of the report and be entitled to claim travelling and subsistence in accordance with the terms set out in section 7 of this report.**

12 Pensions

- 12.1 The panel noted that the law has changed in relation to the Local Government Pension Scheme which means Councillors are no longer eligible to join or be a part of the scheme. **The panel therefore recommends the section in relation to Pensions is deleted.**

13. Members' ICT/Equipment & Consumables

- 13.1 The panel noted the Cabinet report: Review of Members' ICT following the review by Overview and Scrutiny. The panel endorsed the approach of O&S and Cabinet and considered whether any adjustment was required to the Basic Allowance or equipment and consumables section of the current scheme. The panel concluded that if Members embraced the paperless approach and used their own current ICT equipment as indicated in the Members' survey or took advantage of the provision of the use of a Council laptop in a meeting or a loan for new equipment, then there should be no significant additional financial burden on Members which requires remuneration via the Allowances Scheme. **Therefore, the panel concluded no additional remuneration was required and the equipment and consumables section of the scheme should be updated to reflect the provision within the Cabinet report.**

14. Future reviews of the Scheme

- 14.1 Following consultation with Members, **the panel are of the view that the next review of Members' allowances should take place no later than two years from the date of this meeting.**

15. Financial Implications

- 15.1 The provision of Members' Allowances currently costs the Council **£338,460** per annum. The recommendations within this report, if adopted, will result in Members' Allowances costing **£318,757** per annum. This represents a saving of **£19,703**.