

EXETER CITY COUNCIL

Report of the Independent Remuneration Panel on Councillors' Allowances for 2010/11 14 January 2010

1 Introduction

- 1.1 The Independent Remuneration Panel met to consider Exeter City Council's Members' Allowances scheme for 2010/11. The Panel comprises:
- Ian McGregor (Chair) - business sector representative
Peter Lacey - business sector representative
Derek Phillips – business sector representative
*Elizabeth Hubbick – voluntary sector representative (*Mrs Hubbick was absent from the meeting but has subsequently endorsed the recommendations of the Panel)
- 1.2 Bindu Arjoon (Assistant Chief Executive), Rowena Whiter (Member Services Manager) and Sharon Sissons (Member Services Officer) provided the Panel with general advice and support.
- 1.3 The Panel's deliberations related to the following main areas as required by the Local Authorities (Members' Allowances) (England) Regulations 2003:
- (i) the structure of the scheme and the level of basic allowances
 - (ii) special responsibility allowances
 - (iii) updating of allowances
 - (iv) pensions
 - (v) travel and subsistence allowances
 - (vi) the Dependants' Carers' scheme
 - (vii) co-optees' allowances
- 1.4 The Panel were mindful of Exeter City Council's ongoing submission for Unitary Status, and reiterated their wish to instigate a fundamental review of Councillors' Allowances in the lead up to the creation of a new Council. Regardless of the outcome of the Unitary consultation, a fundamental review should be made over the next 12 months looking at the remuneration, roles and responsibilities of councillors. The last comprehensive review was undertaken in 2001 and a fundamental review would enable a "back to basics" examination.
- 1.5 In the light of the continuing delay, the Panel agreed that following the anticipated final decision on the review of local government for Devon in February, a 'light touch' review of the scheme should commence. It was suggested that the appointment of a suitably qualified independent consultant could be considered to carry out a brief scoping exercise.
- 1.6 The Chair, Ian McGregor confirmed his intention to stand down from the Panel at the end of the current review period. It was suggested that a phased approach to refreshing membership should follow, with the appointment of a replacement member and subsequent election of a new chair of the Panel. The recruitment process should invite expressions of interest, with a suggested term of office of four years. Members of the Panel thanked Ian McGregor for his work and commitment over the last ten years.

2. Methodology and Framework

- 2.1 The current legalisation relating to Members' Allowances are set out in The Local Authorities (Members' Allowances) (England) Regulations 2001 and 2003 and the Office of the Deputy Prime Minister's Guidance on Consolidated Regulations for Local Authority Allowances was used as a reference for the discussion.
- 2.2 The Panel noted the results of the regional survey of Allowances undertaken by the South West Provincial Employers which provided useful benchmarking information relating to similar types and sizes of authority. They also noted the report of the meeting of the Chairs of Independent Remuneration Panels in the region which highlighted good practice.

3. Councillors Responses

- 3.1 Councillors were invited to submit comments on the Members' Allowances scheme for consideration by the Panel. Three Councillors replied and their comments were circulated. The unanimous view of respondents was that there should be no increase in the allowances at this time. They cited the low underlying rate of inflation, the limit on next year's pay increase and the general economic situation as reasons for continuing the freeze on allowances for a further year.

4. Structure of Scheme and Basic Allowances

- 4.1 The formula for calculating allowances was developed in 2001 based on the advice of an independent consultant. This was calculated on an assumed number of days work (4 per month) undertaken by Councillors on Council business, which equated to 32 hours per month. From this was deducted a proportion (one third) of the total number of days to reflect an assumed voluntary element to the work.
- 4.2 The Panel recommended that the current structure of the scheme and the level of the basic allowance should continue for the forthcoming year on the current basis, pending the fundamental review of the scheme, including the formula on which it should be based, next year. A future review of the scheme could include consideration of the Lord Mayor's allowance. Whilst the Panel were mindful of the significant financial constraints of the Authority, they felt that that it was important for the level of allowance to keep pace with the cost of living. They were aware of the need to consider the appropriate remuneration for the Members of any shadow authority in any future arrangements. Details of Members' Allowances for new authorities going forward in the current review of Members' Allowances for 2010/11 were circulated.

Recommendation 1:

That the basic structure of the current Members' Allowances scheme be retained for 2010/11, pending a more fundamental review including consideration of remuneration in the event of a shadow authority, when the outcome of the current review of Local Government in Devon is known, but that in the meantime a "light touch "review be progressed.

Recommendation 2:

That the level of Basic Allowances continue unchanged in 2010/11, subject to updating using the index previously agreed (i.e. the annual local government staff pay award for the previous year as set out in Recommendation (5) below).

.5. Special Responsibility Allowances

- 5.1 For the last two years, the Panel had agreed to keep under review the workload on Councillors emanating from the impact of the Licensing Act 2003 which had transferred responsibility for alcohol licensing from the Magistrates Court to local authorities. The Panel considered it appropriate to retain for the time being the payment of an allowance to the Chair of the Licensing Committee in view of the continuing responsibilities of that position.
- 5.2 They also wished to retain the Special Responsibility Allowance for the Independent Chair of Standards Committee in view of the extended role and responsibilities of the Committee. Since 2008, the Standards Board for England referred all cases for determination to local Standards Committees, but so far the workload of the Standards Committee has not increased significantly. A flat rate of £25 per meeting payable to the other two independent members of the Committee would remain.
- 5.3 The Panel agreed on the need to keep under review the levels of all Special Responsibility Allowances paid by the Council to ensure that they remained reflective of the responsibilities of the positions. With regard to the current year, the Panel considered that the existing structure and level of the Special Responsibility Allowances remained appropriate at present. The Panel also endorsed the principle that any member qualifying for more than one Special Responsibility Allowance should be paid the higher allowance only.

Recommendation 3:

That subject to updating for inflation, as set out in Recommendation (5) below, the Special Responsibility Allowances continue unchanged.

Recommendation 4:

That the principle that any Member qualifying for more than one Special Responsibility Allowance is paid the higher allowance only, should be retained.

6. Updating of Allowances

- 6.1 The Panel discussed at length, the principles established for an increase in Councillors' remuneration. They were fully aware of the serious financial challenges currently facing the Council, in the context of which Council may determine the level of increase for 2010/11. However they emphasised that the role of the Independent Remuneration Panel was to consider the position from a broader non-political perspective.
- 6.2 In 2004 the Panel had reviewed the mechanism by which the allowances were updated annually. They had proposed that the link with the mean male non-manual wage as set out in the annual New Earnings Survey was no longer appropriate for a number of reasons and the Council had agreed that this should be abandoned and a

link established in future years with the annual local government staff pay award for the previous year.

- 6.2 They considered that this link with the annual staff pay award as opposed to the Retail Price Index or other factor, remained appropriate, and recognised that it reflected wages in the relevant sector as well as being transparent and easily understood. Furthermore, linking the allowances to the local government staff pay settlement agreed in the previous year also ensured that the additional resources would generally be known in good time for the formulation of the budget. They reaffirmed this principal of assessment and recommended that this link should be retained for the current year and should continue to inform the base line in the proposed review. They noted that the award applicable to the 2010/11 Councillors' Allowances Scheme was 1.00%.

Recommendation 5:

For the year 2010/11, Councillors' Basic and Special Responsibility Allowances should be updated in line with the annual local government staff pay award for 2009/10 (1.00%).

7. Pensions

The Panel welcomed the Council's decision in February 2009 to allow Councillors to join the Local Government Pension Scheme, with benefits based on both Basic and Special Responsibility Allowances. It was noted that two Councillors had taken up the opportunity to join the scheme.

8. Travel, Subsistence and other Allowances

- 8.1 Section 8 of the Local Authorities (Members Allowances) (England) Regulations 2003 had formalised the provisions relating to the payment of travel and subsistence allowances to Councillors and had specified the particular purposes for which they could be claimed.
- 8.2 The Panel noted that the general principles applying to the receipt of travel, subsistence and other allowances by Councillors were the same as those for staff of the Council. Reasonable expenses incurred in respect of travel outside the City, meals and accommodation will be reimbursed subject to appropriate documentary evidence being produced.

Recommendation 6:

That the travel and subsistence allowances provisions for staff continue to apply to Exeter City Councillors, where appropriate.

9. Dependants' Carers' Allowance

- 9.1 The Panel noted that Section 7 of the Local Authorities (Members Allowances) (England) Regulations 2003 had formalised the provisions for the payment to Councillors of a Dependants' Carers' Allowance in respect of such expenses of arranging for the care of their children or dependants as are necessarily incurred and had specified the particular purposes for which this could be claimed.

- 9.2 They considered that the current Dependants' Carers' Allowance Scheme accorded with the regulations and remained a good scheme. The level of the allowance appeared to be in line with that paid by similar authorities and the Panel considered that this should continue to be linked to the minimum wage.

Recommendation 7:

That the current Dependants' Carers' Allowance scheme is maintained and that the level of allowance, currently £5.80 per hour, continues to be linked to and updated in line with the minimum wage.

10. Co-opted members

- 10.1 The payment of allowances to co-optees has been formalised by Section 9 of The Local Authorities (Members Allowances) (England) Regulations 2003.
- 10.2 The Panel had recommended that a Special Responsibility Allowance be paid to the independent Chair of the Standards Committee to reflect the responsibilities of the post. They considered at present that the payment of the allowance of £25 per session should be retained for the other co-optee(s) for 2010/11.

Recommendation 8:

That the co-optees' allowance payable to the co-opted member of the Standards Committee continue at £25 per session for 2010/11.

Ian McGregor, Chair
The Independent Remuneration Panel for Exeter City Council
January 2010
28/1/10