

EXETER CITY COUNCIL

Report of the Independent Remuneration Panel on Councillors' Allowances for 2013/14 17 January 2013

1 Introduction

- 1.1 The Independent Remuneration Panel met to consider Exeter City Council's Members' Allowances scheme for 2013/14. The Panel membership comprises:-
- Derek Phillips – business/public sector representative (appointed as Chair of the Panel)
Peter Lacey - business sector representative
Hazel Craddock - voluntary sector representative
Nigel Hillier – business sector representative
- 1.2 John Street (Corporate Manager Democratic and Civic Support) 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 (including the Lord Mayor's and Deputy Lord Mayor's expenses allowance)
 - (iii) updating of allowances
 - (iv) pensions
 - (v) travel and subsistence allowances
 - (vi) the Dependants' Carers' scheme
 - (vii) co-optees' allowances (including the new Independent Persons affiliated to the Standards Committee)

2. Methodology and Framework

- 2.1 The current regulations relating to Members' Allowances are set out in The Local Authorities (Members' Allowances) (England) Regulations 2001 and 2003. 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 a number of regional surveys of allowances which provided a useful comparator of allowances paid for similar types and sizes of authority. It felt that Exeter City Council remained appropriately placed in terms of the allowances paid to Members within the context of other authorities. However, the Panel was concerned at the growing financial barrier to becoming and remaining a Councillor, although it recognised one of the main motivations was for public service.
- 2.3 The report of the meeting of the Chairs of Independent Remuneration Panels in the region, which highlighted good practice, was also noted.

3. Councillors Responses

- 3.1 Councillors were invited to submit comments on the Members' Allowances scheme for consideration by the Panel. Five Councillors replied and their comments were taken into consideration by the Panel in the course of their review. The comments included proposals for a continuation of the freeze in allowances; and a reduction in the allowance and a suggestion that Councillors should be considered as other lower paid workers in local government. There was universal recognition that their role as a Councillor was likely to mean a financial sacrifice. A comment was also made about the consultation over removing the access for Councillors to the Local Government Pension Scheme, as this could have helped to 'attract potential candidates from across the age range'.

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. It was recognised that further survey work should be conducted to obtain more current information and reflect the wide range of duties and workload of Councillors. The Panel considered that alongside this work, some form of performance matrix could be considered to help inform future Review Panel deliberations.
- 4.2 The Panel noted that a review of Scrutiny was currently being undertaken and this may have an impact on future workloads for the role of Chairs of Scrutiny Committees. It was anticipated that this may result in a better alignment of the political and management structure following the Council's Management restructure last year. The overall position should be known in February. Despite the Panel's consideration of a fundamental review of the scheme, it considered that the present structure of the scheme should continue for the forthcoming year on the current basis.

Recommendation 1:

That the basic structure of the current Members' Allowances scheme be retained for 2013/14.

5. Special Responsibility Allowances

- 5.1 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; although a review of Scrutiny is currently being undertaken and may require an amendment of the scheme in the future. 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 2:

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 Since 2004, the Panel had reviewed the mechanism by which the allowances were updated annually in line with the annual local government staff pay award for the previous year. It 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. However, whilst the Panel still adhered to this principle of assessment, it recommended a departure from that stance for the 2013/14 review.
- 6.2 The Panel discussed at length, the principles established for any increase in Councillors' remuneration. It was fully aware of the serious financial challenges currently facing the Council, which may determine the level of increase for 2013/14.
- 6.3 The Panel recognised the importance of the allowance keeping pace with the cost of living, particularly in wishing to retain and attract new Councillors. It did not wish to disadvantage new Councillors. It was aware that there had been no increase in pay for the majority of staff for 2012/13; however a one off sum of £250 had been paid to the lowest paid workers. An increase in the allowance along these lines had been suggested by one of the Councillors who had submitted comments on the scheme. However, whilst considering this suggestion, the Panel felt that a 1% increase in Basic and Special Responsibility Allowances for 2013/14 was more appropriate.

Recommendation 3:

The Councillors' Basic and Special Responsibility Allowances including the Lord Mayor and Deputy Lord Mayor's Expenses Allowances should continue to be linked and updated in line with the Local Government Employers (LGE) staff pay award for the previous year. However for 2013/14 only, the level of these allowances should attract a 1% rise.

7. Pensions

- 7.1 The Panel welcomed the Council's decision in February 2009 to allow Councillors to join the Local Government Pension Scheme (LGPS), with benefits based on both Basic and Special Responsibility Allowances, and noted that eight Councillors had taken up the opportunity to join the scheme.
- 7.2 The Panel was, however, disappointed to note that the Government had commenced consultation to remove Councillors' access to the local government pension scheme from April 2014. It re-iterated its commitment to the principle of membership of the LGPS having been extended to Councillors. The Panel still supported any measures that might encourage people from across a broad spectrum of the community to consider standing for Council and ultimately further enhance the diversity and quality of Councillors. It was aware of the difficulty already experienced in attracting candidates who would maintain the high calibre of existing Councillors, which it felt the community had the right to expect. The Panel felt that the pensions facility was of particular benefit to Councillors who, for a variety of reasons, had not had the opportunity to build up contributions in other pension schemes, including those whose potential earnings may have been restricted by their Council commitments through loss of earnings or career prospects.

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 5:

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

9. Broadband

- 9.1 It was noted that Members could claim a sum of £7.50 monthly (one per household) in respect of broadband charges. This allowance commenced when dial-up connection to the internet was more commonly used. Although broadband was increasingly included in a package of other services, the Panel felt that the existing payment represented an appropriate contribution.

Recommendation

That the existing payment of £7.50, per month contribution toward broadband (one payment per household) be retained.

10. Dependants' Carers' Allowance

- 10.1 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.
- 10.2 The current Dependants' Carers' Allowance Scheme accorded with the regulations and the Panel considered that this 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. However, the Panel noted that in common with other Members' allowances, reimbursements of such claims were taxed in line with HM Customs and Excise regulations. The Panel was therefore concerned that any Councillor making such a claim may be disadvantaged even more, and proposed that any claim made under this Scheme should include an uplift of the standard rate of tax.

Recommendation 6:

That the current Dependants' Carers' Allowance scheme is maintained and that the level of allowance, currently £6.19 per hour, continues to be linked to and updated in line with the minimum wage, however the allowance should include an uplift of the standard rate of tax. (increasing the hourly rate to £7.43 per hour for 2013/14).

11. Co-optees' and Independent Member Allowances

- 11.1 The payment of allowances to co-optees has been formalised by Section 9 of The Local Authorities (Members Allowances) (England) Regulations 2003. The Panel considered this should remain unchanged at a flat rate of £25 per meeting.
- 11.2 On 24 February 2004, Council approved a Special Responsibility Allowance for the Chair of the Standards Committee and a payment of £25 per meeting for the independent members of Standards Committee. Following the implementation of the Localism Act 2011 and the subsequent abolition of the Standards regime on 1 July 2012, the membership of the independent Members ceased. New governance arrangements were introduced and included the need to appoint two 'Independent Persons' affiliated to the City Council's Standards Committee, who could be consulted in relation to any Member complaint. The former independent Members were recruited as the Independent Persons for a transitional period of one year. The process of recruiting new Members with effect from May 2013 will commence shortly. The Panel discussed the most appropriate remuneration.
- 11.3 The Panel considered that a sum, per case, of £50 be paid for up to four hours work and £100 for four hours and over, per case, payable to each Independent Person (up to a maximum of £500 per person in any one year)

Recommendation 7:

The Panel considered that a sum of £50 be paid to the independent Persons affiliated to Standards Committee for up to four hours work, and £100 for four hours and over, payable to each of the two independent Persons (up to a maximum of £500 per person in any one year.)

Derek Phillips (Chair)
The Independent Remuneration Panel for Exeter City Council
23 January 2013