

EXETER CITY COUNCIL

Report of the Independent Remuneration Panel on Councillors' Allowances for 2014/15 9 January 2014

1 Introduction

- 1.1 The Independent Remuneration Panel met to consider Exeter City Council's Members' Allowances scheme for 2014/15. 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), Sarah Selway, Democratic Services Manager (Committees) and Sharon Sissons (Democratic 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 Monitoring Officer)

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.
- 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. Members' Responses

- 3.1 Councillors were invited to submit comments on the Members' Allowances scheme for consideration by the Panel. Two Members had sent written replies, and their comments were taken into consideration by the Panel in the course of their review.

The comments included proposals that the panel should recognise the public perception that at that time when so many of Exeter's residents were facing financial challenges that any increase or reduction in the allowance would be 'unethical and cause for deep concern amongst the electorate'. A comment was also made about the allowances being in line with local government pay awards, but that the scheme to pay certain employees of the City Council to bring them up the Living Wage should not be considered in respect of Members' Allowances, the broadband charge should not be increased and the Local Government Pension Scheme should continue to include Elected Members. Three Members also gave a verbal indication that they did not support any increase in their allowance.

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 Members 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 had taken place, to ensure a better alignment between the responsibilities of the six Portfolio Holders and the management structure following the Council's Management restructure, and reduction in a number of senior officers, last year. The Council had retained the three Scrutiny Committees, but with the demise of the Standards Committee had also introduced an Audit and Governance committee. The Panel considered the ongoing workload of Members. It was noted that a Scrutiny Officer had been appointed to drive the Committee structure forward in a more programmed way.
- 4.3 The Panel discussed at length the need for a fundamental review of the scheme, but nevertheless considered that the present structure of the scheme should continue for the forthcoming year on the current basis.
- 4.4 The Panel did however request that a survey should be undertaken amongst all the Members seeking views as to, amongst other things, the number of hours spent on Council business. This would then form the basis of the Panel's deliberations when meeting to consider the 2015/16 Scheme.

Recommendation 1:

That the basic structure of the current Members' Allowances Scheme be retained for 2014/15.

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. 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.
- 6.2 The Panel discussed the principles established for any increase in Members' remuneration. It was fully aware of the continuing and ever increasing financial challenges currently facing the Council. The Panel recognised the importance of the allowance keeping pace with the cost of living, particularly in wishing to retain and attract new Councillors.
- 6.3 The Panel acknowledged that a 1% increase in Basic and Special Responsibility Allowances was accepted for 2013/14, ahead of the eventual pay award of 1% to local government staff as part of their award in 2013/14. (This increase was not taken up by all Councillors.) The Panel, therefore felt that no further increase should be recommended for the forthcoming year.
- 6.4 It was agreed that the Living Wage of £7.65 would be paid to the lowest paid City Council employees with effect January 2014, however the Panel did not feel that it was appropriate to link any increase with the Members' Allowance.

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, (except for this coming year (2014/15) as that increase in staff pay had been recognised in last year's increase in allowances);

7. Pensions

- 7.1 The Panel still 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. It was noted that eight Councillors remained members of the scheme.
- 7.2 The Panel was disappointed that the Government had carried out a consultation to remove Councillors' access to the local government pension scheme. The consultation had ended last July, but no information on the decision to close the scheme to Councillors had been published. It had been anticipated that the scheme for Councillors would end in April 2014. The Panel re-iterated their commitment to the principle of membership of the LGPS having been extended to Councillors, and

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.

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. The Panel also noted that it was a legal requirement for an annual advertisement to be placed, identifying the levels of travel, subsistence and other allowances paid to Members.

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 payment was no longer so relevant in view of the recent technological advances. A review of IT for Members was being carried out, including a pilot to consider rolling out tablet technology to Members in place of the current laptop and printer. In view of this, and the ability for Council information to be accessible at any location via tablet technology, the Panel felt that, provided the current pilot is a success and tablets are made available to all members, those who took up this option, should be ineligible for receipt of the broadband allowance.

Recommendation

That the existing payment of £7.50, per month contribution toward broadband (one payment per household) be retained until such time as an alternative IT provision was made.

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 Panel had retained the link to the minimum wage, and the understanding that the reimbursement of such

claims was taxed in line with HM Customs and Excise regulations. The Panel had recommended that any claim made under this Scheme should include an uplift of the standard rate of tax. The Panel now took note of the Living Wage level of £7.65, which is now the minimum payable to Council employees, and considers that this element of the allowances should remain consistent with the principle that the council had adopted. It was felt that the standard rate of income tax should be retained. It was noted that the current uptake was very low.

Recommendation 6:

That the current Dependants' Carers' Allowance scheme is maintained and that the level of allowance, should now match the Living wage currently offered to the lowest paid Exeter City Council employees of £7.65 (retaining the uplift of the standard rate of income tax, thus increasing the hourly rate to £9.19.)

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 Following the implementation of the Localism Act 2011 and the subsequent abolition of the Standards regime on 1 July 2012, 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 Monitoring Officer, who could be consulted in relation to any Member complaint. Two Independent Persons were appointed, and to date had not been called upon.
- 11.3 The Panel considered that the sum, per case, of £50 should continue to be made available 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 the Monitoring Officer 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
21 January 2014