

## **EXETER CITY COUNCIL**

### **Report of the Independent Remuneration Panel on Councillors' Allowances for 2009/10 15 December 2008**

#### **1 Introduction**

- 1.1 The Independent Remuneration Panel met on 15 December 2008 to consider Exeter City Council's Members' Allowances scheme for 2009/10. The Panel comprises:

Ian McGregor (Chair) - business sector representative  
Peter Lacey - business sector representative  
Derek Phillips – business sector representative  
Elizabeth Hubbick – voluntary sector representative

- 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 In considering last year's Members' Allowances Scheme, the Panel were mindful of Exeter City Council's ongoing submission for Unitary Status, and expressed their wish to instigate a fundamental review of Councillors' Allowances in the lead up to the establishment of the new Council. In the light of the continuing delay regarding a decision in respect of the future of local government in Devon, the Panel agreed to defer a more in-depth review, including the principles on which the scheme was originally based, in order to fairly reflect the roles and responsibilities of councillors.

#### **2. Methodology and Framework**

- 2.1 Reference was made to 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.
- 2.2 The Panel noted the results of the regional survey 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.
- 2.3 The Panel were also aware of the publication of the Government's response to the Councillors' Commission report – Representing the Future. The Commission had been tasked with looking at the incentives and barriers for attracting a wide range of

people to become local government Councillors. Over 61 recommendations had been made in the report aimed at local authorities, the government and political parties. The proposals covered a broad range of issues and the Panel were mindful of the Government's response to those recommendations relating specifically to Councillors' allowances in their deliberations on the scheme.

### **3. Survey**

- 3.1 A further in-house survey was conducted on behalf of the Panel inviting Councillors to comment on a number of specific aspects of the allowances scheme as well as providing any general comments. This was primarily aimed at the newer Councillors. The survey was followed up with an invitation to a small number of one-to-one interviews between Panel members and a cross-section of the Council, including the Leader and some of the newer Councillors.

### **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 On the evidence of the survey and follow-up interviews, the Panel noted that the average number of hours estimated by Councillors to be spent each month on Council business was significantly higher than the amount of time assumed when the original formula was agreed. For many councillors, case work still appeared to be one of the most time-consuming elements of their work.
- 4.3 Concern about loss of earnings, career opportunities and impact on job security remained a strong theme, particularly amongst younger councillors. A few Councillors felt that the current scheme did not adequately compensate for these factors and that a higher basic allowance would allow "other less affluent people" to become Councillors. One Councillor also suggested that travel expenses should be included for attendance at meetings.
- 4.4 The Panel were conscious that these figures were based on estimated rather than recorded time and were also reflective of the experiences of only a small proportion of the members of the Council. However they still felt that a more fundamental review of the scheme should be undertaken once the outcome of the Local Government Review of Devon is known.
- 4.5 The Panel noted that the basic structure of the scheme had attracted no adverse comment from either the public or Councillors. The current allowances appeared to be in line with those paid by authorities of a comparable size and type. The Panel had agreed in the previous year that there was merit in the recommendation of the Councillors' Commission for the development of a national framework of guiding principles for members' allowances schemes which would specify a national minimum basic allowance for each type and size of authority. They noted that the Government's response indicated that they would not be taking forward the Commission's recommendation but that the Local Government Association (LGA) proposed to collect and share data on average allowances.

The Panel also noted that the Government proposed to introduce legislation which would enable authorities on the advice of their Independent Panels, to introduce schemes for payments on loss of office after an election.

- 4.6 Taking account of these various factors 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 a more fundamental review of the scheme, including the formula on which it should be based, next year. The Panel were aware of the possible need to discuss the appropriate remuneration for the members of any shadow authority in the meantime. Details of Members' Allowances for new authorities going forward in the current round for 2009 would be obtained to help inform their future review.

**Recommendation 1:**

**That the basic structure of the current members' allowances scheme be retained for 2009/10, pending a more fundamental review, and consideration of remuneration in the event of a shadow authority, when the outcome of the current review of the local Government in Devon is known, some of which may be determined by the Government in Implementation Orders.**

**Recommendation 2:**

**That the basic allowance continue unchanged in 2009/10, updated using the index previously agreed (i.e. the annual local government staff pay award for the previous year).**

**.5. Special Responsibility Allowances**

- 5.1 At their meeting the previous year, 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.
- 5.3 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 would refer 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.
- 5.4 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, the Special Responsibility Allowances level remains 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 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 The Panel considered whether this link, as opposed to the Retail Price Index or other factor, remained appropriate. They recognised that it reflected wages in the relevant sector as well as being transparent and easily understood. Furthermore, linking the allowances to the 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 recommended that this link should be retained for the current year. They noted that the award applicable to the 2009/10 Councillors' Allowances Scheme was 2.45%.

**Recommendation 5:**

**For the year 2009/10, Councillors' basic and Special Responsibility Allowances should be updated in line with the annual local government staff pay award for 2008/09 (2.45%).**

**7. Pensions**

- 7.1 The Panel were reminded that the Local Government Act 2000 and subsequent regulations make provision for the payment of pensions to Councillors and the role of the Independent Remuneration Panel in deciding who may be eligible for membership of the Local Government Pension Scheme (LGPS). The Council can only make membership of the pension scheme available to those elected members who are recommended for membership by the Independent Remuneration Panel, but the Council can decide not to offer membership to some or all of the recommended Councillors.
- 7.2 The Panel had recommended on a number of previous occasions, that the opportunity to join the LGPS should be extended to all Councillors and that benefits should be based on both basic and special responsibility allowances. They were disappointed that the Council had not accepted their recommendations. The Panel had noted the recommendation of the Councillors' Commission that all Councillors should be entitled to access to the Local Government Pension Scheme. They noted that since local authorities already had the discretion to allow Councillors to join the LGPS, the Government had seen no reason to alter the position since it felt that such decisions shall be made at a local level.

- 7.3 Whilst fully endorsing the view expressed by a number of Councillors that remuneration should not be the primary motivational factor, once again the Panel strongly reiterated their support for creating a package of measures that might encourage people from across a broad spectrum of the community to consider standing for Council and remove potential barriers. This would ultimately further enhance the diversity and quality of Councillors. They were aware of the difficulty already experienced in attracting candidates who would maintain the high calibre of existing Councillors, which they felt the community had the right to expect. The Panel felt that a pension's facility would be 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. The decision of individual Councillors on whether to join the pension scheme was entirely voluntary. A range of views on pensions were expressed in the survey including a few Members who felt that a pension was not appropriate for the role of Councillor.
- 7.4 For these reasons, the Panel, once again, strongly recommended the Council to extend to all Councillors the opportunity to join the LGPS.

**Recommendation 6:**

**That all Councillors be permitted to join the Local Government Pension Scheme, should they wish to do so, benefits to be based on both basic and Special Responsibility Allowances.**

**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 7:**

**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 Dependents' 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 8:**

**That the current Dependents' Carers' Allowance scheme is maintained and that the level of allowance, currently £5.73 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 2009/10.

**Recommendation 9:**

**That the co-optees' allowance payable to the co-opted member of the Standards Committee continue at £25 per session for 2009/10.**

Ian McGregor, Chair  
The Independent Remuneration Panel for Exeter City Council  
January 2009