

RIBBLE VALLEY BOROUGH COUNCIL REPORT TO COUNCIL

DECISION

Agenda Item No

meeting date: 14 JULY 2015
title: THE REVIEW OF THE MEMBERS' ALLOWANCE SCHEME
submitted by: DIRECTOR OF RESOURCES
principal author: JANE PEARSON

1 PURPOSE

- 1.1 To consider the report of the independent remuneration panel on members' allowances following their review of the current scheme and the recommendations made by Policy and Finance Committee on 16 June 2015.
- 1.2 Agree a new scheme of Members' Allowances

2 BACKGROUND

- 2.1 The Local Authorities (Members' Allowances) (England) 2003 require the Council to establish a scheme of members' allowances in accordance with these regulations.
- 2.2 The Council is required to agree and publicise its members' allowance scheme each year and have an independent review at least every 4 years. The independent panel was established in January in order to carry out their review for the 2015/16 municipal year.
- 2.3 It was agreed at Policy and Finance Committee on 24 March 2015 that the scheme of Members' Allowances for 2014/15 would be extended until the outcome of the review of the independent panel was considered. In the past the new scheme of members' allowances has been backdated to the beginning of the new municipal year.
- 2.4 The Council, in revising the existing scheme, must have regard to the recommendations made by the panel.

3 OUTCOME OF REVIEW OF MEMBERS' ALLOWANCES SCHEME

- 3.1 The panel met a number of times and also interviewed a number of members as part of their review.
- 3.2 The report of the panel is attached at **Annex 1** and sets out their findings and recommendations.
- 3.3 Policy and Finance Committee at their meeting on 16 June 2015 considered the report in detail and accepted the recommendations of the panel set out in Section 6 of their report **but recommended the following amendments:**
 - The Basic Allowance be set at £3,500
 - That the Special Responsibility Allowances be as set out as follows:

Special Responsibility	Multiple of basic allowance	Total Amount £
Leader	x 4	14,000
Deputy Leader	x 2½	8,750
Leader of Opposition	x 2	7,000
Chairman of Planning & Development Committee	x 2	7,000
Chairmen of All other Committees	x 1½	5,250
Vice Chairman of Planning & Development	n/a	1,000
Vice Chairmen of All other Committees	n/a	500

4 PUBLICITY

- 4.1 The Council must make the Independent Panel's report available for public inspection; it has been placed on the Council's website.
- 4.2 Once the Council has approved the Scheme for Members' Allowances it must make arrangements for its publication by:-
- ensuring that copies of the scheme are available for public inspection; and
 - publishing a notice in the local press describing the main features of the scheme and specifying the amounts payable in respect of each allowance mentioned in the scheme.
- 4.3 There should be an indication of any differences from the recommendations in the report of the Independent Remuneration Panel.
- 4.4 The Council is also required to publish the amount of allowances paid to each Member as soon as practicable at the end of each financial year.

5 RISK ASSESSMENT

- 5.1 Financial: - The Council's annual budget for Members' Allowances is £211,420.

The cost of the new scheme, based upon the panel's recommendations **as amended by Policy and Finance** is £206,500.

If the Panel's recommendations were accepted in full, the cost of allowances would reduce to £200,554.

5.2 Reputation: - the payment of allowances to members is a sensitive issue, however the relatively modest allowances proposed by the panel supports Members in carrying out their roles.

6 RECOMMENDED THAT COUNCIL

6.1 Consider the attached report of the Independent Remuneration Panel on Members' Allowances together with the recommended amendments made by Policy and Finance Committee and agree a new scheme of Members' Allowances.

6.2 Ask the Chief Executive to write to the Independent Remuneration Panel members thanking them for their work in formulating proposals for a revised scheme.

DIRECTOR OF RESOURCES

C3-15/JP/AC
30 June 2015

RIBBLE VALLEY BOROUGH COUNCIL

**REPORT OF THE INDEPENDENT REMUNERATION PANEL
ON MEMBERS ALLOWANCES
APRIL 2015****THE INDEPENDENT REMUNERATION PANEL**

DAVID MORRIS – Retired Chief Executive – Ribble Valley Borough Council
IAN LLOYD – Senior Partner – Mortimers Estate Agents, Clitheroe
KEITH POWER – Director - North West Employers
REV ANDY FROUD – Vicar – St Mary Magdalene’s Church, Clitheroe

Advised by:

- Marshal Scott, Chief Executive
- Jane Pearson, Director of Resources
- Diane Rice, Legal Services Manager

1 PURPOSE OF THE INDEPENDENT PANEL

1.1 The Independent Panel was established under the Local Authorities (Members Allowances) (England) Regulations 2003 to formulate and recommend to the Council a revised scheme of allowances for elected members that would reflect their duties and responsibilities under the Council’s Constitution.

2 TERMS OF REFERENCE

2.1 To review the existing scheme and propose a scheme for members allowances which:

- recognises the roles, duties and responsibilities of members both as decision makers and community representatives under the Council’s Constitution;
- is easy to understand by councillors and the public;
- is simple to operate;
- includes provision for annual review without the need for fundamental change;
- considers what other allowances, such as travel and subsistence, should be paid, and in what circumstances, and whether a dependents carers allowance should be paid;
- considers provision for different levels of allowances reflecting the responsibilities of the postholder or group of postholders and standing according to the political composition of the Council.

2.2 The Independent Panel is also asked to make other recommendations as it considers necessary.

3 PRESENT MEMBERS ALLOWANCE SCHEME

3.1 The Council’s present members allowance scheme was approved by the Council in July 2011. In reaching its decision members took account of the report of an Independent Panel that had been established. Allowances have been updated under the agreed formulae on an annual basis.

3.2 The existing scheme of members allowances is shown below:

- (1) A Basic Allowance for all members of £2952 per year
- (2) The Special Responsibility Allowances to be:-

○ Leader – 5 x basic allowance	£14,760 pa
○ Deputy Leader – 3 x basic allowance	£8,856 pa
○ Leader of the Opposition – 3 x basic allowance	£8,856 pa
○ Committee Chairs – 2 x basic allowance	£5,904 pa
○ Planning & Development Committee Chairman 2½ x basic allowance	£7,380 pa
○ Committee Vice Chairs – 1 x basic allowance	£2,952 pa
- (3) Dependent Carers Allowance £6.50 per hour
- (4) These allowances are increased each year (April) in line with the increase in the National Minimum Wage the previous October.
- (5) No member to be entitled to more than one special responsibility allowance.
- (6) Travel & subsistence to be paid at the prescribed national rates for members.

4 THE EVIDENCE CONSIDERED

- 4.1 The panel met on 2 occasions and considered the legal background to the payment of members' allowances, the terms of reference, political composition of the Council, the present committee arrangements, attendance at outside bodies and the current members allowance scheme.
- 4.2 The Annual Basic Allowance is increased each year in April in line with the increase of the National Minimum Wage. Since May 2011 to May 2015 the Annual Basic Allowance will have increased by 10%.

QUESTIONNAIRE

- 4.3 The Panel sent a questionnaire to all councillors in order to ascertain the amount of time spent by councillors on their various roles. Councillors also responded to questions relating to the present Members Allowance Scheme.
- 4.4 25 Councillors completed the questionnaire. They commented upon the Annual Basic Allowance, the level of the Special Responsibility Allowance, the demands of Planning Committee members, the role of specific Committee Chairs and Vice-Chairs and the role of the Leader of the Opposition.
- 4.5 Over 90% of respondents considered the Scheme to be a reasonable way of recognising the responsibilities of Leaders and Chairs.
- 4.6 Councillors also commented on the work carried out by the members who represent the Council on "Outside Bodies".

OTHER LOCAL AUTHORITIES

- 4.7 The Panel obtained current details of members allowance schemes from 8 comparable local authorities and the 12 Lancashire District local authorities.

INTERVIEWS WITH COUNCILLORS

- 4.8 The Panel interviewed 5 councillors representing a cross section of the members of the council. Each councillor was asked the same questions relating to the current details scheme. The responses were noted and subsequently discussed by the Panel.

5 CONCLUSIONS

The Panel have reached the following conclusions:-

- 5.1 The current Annual Basic Allowance is low and the Special Responsibility Allowances are high when compared to similar local authorities and Lancashire District Local Authorities.
- 5.2 The calculation of the Annual Basic Allowance is easy to understand and simple to operate. The calculation is as follows:
- AVERAGE NUMBER OF HOURS SPENT ON COUNCIL DUTIES PER WEEK X
HOURLY RATE X 52 WEEKS
- 5.3 The analysis of the questionnaire survey completed by councillors indicates that the average time spent by councillors on council duties, excluding special responsibilities is 13.5 hrs per week. The Panel considers that part of that time should reflect voluntary public service. An allocation of 20% public service is considered to be reasonable. Therefore, the Panel have concluded that 11 hours per week be used for calculating the Annual Basic Allowance.
- 5.4 The Panel considers that the hourly rate to be used as from 7 May 2015 should be the current National Minimum Wage. This is £6.50 per hour.
- 5.5 These changes will increase the current Annual Basic Allowance from £2,952 to £3,718. This is an increase of 26%.
- 5.6 Only 1 of the 8 similar local authorities and only 2 of the 12 Lancashire District Local Authorities pay a lower Annual Basic Allowance than this Council.
- 5.7 However, this Council's Special Responsibility Allowances are high when compared with similar local authorities and the Lancashire District Local Authorities.
- 5.8 Special Responsibility Allowances Comparisons are as follows:

Similar Local Authorities (x8)

Leader	only 1 pays more than this Council
Deputy Leader	none pay more than this Council and 1 makes no payment
Leader of the Opposition	none pay more than this Council
Chairs of Committees	only 1 pays more than this Council
Vice-Chairs of Committees	none pay more than this Council and 3 make no payments

Lancashire District Councils (x12)

Leader	only 2 pay more than this Council
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- | | |
|---------------------------|--|
| Deputy Leader | only 2 pay more than this Council and 4 make no payments |
| Leader of the Opposition | none pay more than this Council |
| Chairs of Committees | none pay more than this Council |
| Vice-Chairs of Committees | none pay more than this Council and 5 make no payments |
- 5.9 The higher amount of Special Responsibility Allowance for the Chair of the Planning and Development Committee compared to other service committee chairs is justified. This committee meets twelve times per year and deals with a large number of complex issues, numerous technical matters and considerable public interest as well as “pressure” from applicants and objectors.
- 5.10 The current calculation of Special Responsibility Allowances is achieved by multiplying the Annual Basic Allowance by a prescribed multiplier. This is easy to understand, is simple to operate and rewards those Councillors who have particular responsibilities.
- 5.11 At present 15 councillors receive a Special Responsibility Allowance.
- 5.12 The annual number of committee meetings has been reduced since the last review of the Members Allowance Scheme in 2011. The Full Council meets 6 times a year. Annually there are 12 Planning and Development Committee meetings and 6 Policy and Finance Committee meetings. The Community Services Committee, Personnel Committee, Health and Housing Committee and Parish Council Liaison Committee all meet 5 times in a year. The Licensing Committee meets 4 times in a year and the Accounts and Audit Committee meets 4 times in a year. There are a total of 51 meetings in a year. The attendance at meetings by councillors averages 80%.
- 5.13 During 2013/14 and 2014/15 to date the Chairs of the various committees have only been absent on 7 occasions.
- 5.14 27 councillors are members of Local Outside Bodies. The membership of Local Outside Bodies is considered to be part of the councillors role as community representatives.
- 5.15 The current Travel and Subsistence Allowances are the same as the allowances paid to Council Officers.
- 5.16 The current seats on the Council by Political Parties are:-
- | | |
|-------------------|----|
| Conservatives | 33 |
| Liberal Democrats | 6 |
| Independent | 1 |
- The Conservative Party has a substantial majority.
- 5.17 It may be necessary to review Special Responsibility Allowances recommended by the Panel depending upon the results of the Local Government Elections which will take place on 7 May 2015.
- 5.18 The majority of councillors consider that the current Annual Basic Allowance and the current Special Responsibility Allowances are about right.

6 UNANIMOUS RECOMMENDATIONS OF THE PANEL

Annual Basic Allowance

6.1 The Panel recommends an increase of the Annual Basic Allowance, payable to all councillors, to £3,718 based upon the following calculation:

$$11 \text{ hours per week} \times \text{£}6.50 \text{ per hour} \times 52 \text{ weeks} = \text{£}3,718$$

6.2 The current Annual Basic Allowance is £2,952.

6.3 The Panel recommends that any future increase in the hourly rate be introduced as from 1 April, starting in 2016 and any such increases to be based upon the National Salary Increases of Local Government Staff.

Special Responsibility Allowances

6.4 The Panel recommends the following Special Responsibility Allowances based upon an appropriate multiplier of the Annual Basic Allowance as detailed in the following table:

Responsibility	Recommended		Current	
	Multiplier	Annual Amount £	Multiplier	Annual Amount £
Leader	x 3½	13,013	x 5	14,760
Deputy Leader	x 2	7,436	x 3	8,856
Leader of Opposition	x 1½	5,577	x 3	8,856
Chairman of Planning & Development Committee	x 2	7,436	x 2½	7,380
Chairs of Community Services, Personnel, Health & Housing Committees	x 1	3,718	x 2	5,904
Chairs of the Licensing and Accounts & Audit Committees	x ½	1,859	x 2	5,904
Vice Chairs of Committees	N/A	500	x 1	2,952

6.5 The Panel recommends the reduction of Special Responsibility Payments made to the Vice-Chairs of Committees to an annual allowance of £500.

6.6 The Panel recommends that no Councillor is entitled to more than one Special Responsibility Allowance.

6.7 The Panel recommends that the Leader is always Chair of the Policy and Finance Committee and the Deputy Leader is always the Vice-Chair of the Policy and Finance Committee.

6.8 Dependents Carers Allowance

The Panel recommends a payment of the National Minimum Wage per hour for the cost of arranging for the care of children, elderly relatives or disabled relatives requiring full- time care whilst Councillors are conducting their approved duties.

6.9 Travel & Subsistence Allowance

The Panel recommends payment of Travel & Subsistence allowances in accordance with the current scheme [which is attached as an Appendix] except that the rates of travel by a councillor in his / her own car should be the same as the rates paid to council officers.

6.10 Suspension of a Councillor

The Panel recommends that payment of any allowances be withheld by the Council where a councillor is suspended or partially suspended from his/her responsibilities or duties as a member of the Council.

6.11 Other Recommendations

The Panel recommends that:

6.11.1 The Annual Basic Allowance and the Special Responsibility Allowances to be paid in 12 equal, monthly instalments.

6.11.2 The revised Scheme of Members' Allowances be reviewed and then introduced after the election of a "new council" following the Local Government Elections on 7 May 2015.

6.11.3 The Panel considers that the details of "approved duties", which are eligible for travel & subsistence allowances, should be provided to all councillors.

7 COST OF THE RECOMMENDED MEMBERS ALLOWANCES SCHEME

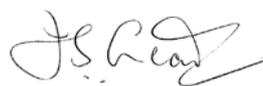
7.1 The increased cost of the changes to the Annual Basic Allowance is £30,640.

7.2 The reduced cost of the changes to the Annual Special Responsibility Allowances is £35,751.

7.3 Therefore, the recommended changes to the current Members Allowances Scheme will result in an annual saving of £5,111.



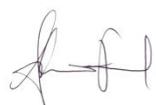
David Morris



Ian Lloyd



Keith Power



Rev Andy Froud