

### REPORT OF THE INDEPENDENT REMUNERATION PANEL

#### 1. Introduction

The Council's constitution states that councillors are entitled to receive allowances as set out in the Members' Allowance Scheme. Amendments to the scheme can only be made following a report by the Independent Remuneration Panel and the scheme must be reviewed at least once every four years. The current scheme is due to be reviewed no later than April 2013.

#### 2. Legal Framework

In accordance with the Local Government and Housing Act 1989, the Local Government Act 2000, and associated regulations (namely The Local Authorities (Members Allowances) (England ) Regulations 2003), local authorities across the country have a duty to consider the findings of an independent remuneration panel before determining any scheme for the payment of allowances to councillors of the authority.

The regulations place a statutory obligation on the council to establish and maintain an independent remuneration panel to look at councillors' allowances and report its findings to council at least once every four years. Council has a statutory duty to have regard to the panel's recommendations before making or amending any councillors' allowances scheme.

#### 3. The Council's Independent Remuneration Panel

The panel first convened to undertake the current review on 12 April 2012 (a briefing meeting). The panel members were Philip Morris, Frank Whitehead and Keith Power.

Philip Morris and Frank Whitehead were already existing members of the original Independent Remuneration Panel, whilst Keith Power joined the panel as the North West Employers' associate who would be replacing Vic Hewitt.

The panel met on 6 occasions between April and October to review member allowances and considered a wide range of information before making their recommendations, this included comparative information from other local authorities and other regional authorities with similar population size/number of councillors. The panel also interviewed political group leaders and questionnaires were sent to chairs and vice-chairs of committee meetings.

#### 4. Background Information

At the Full Council meeting in February 2012 councillors recommended that, subject to the panel's agreement, members would no longer receive car mileage payments for travel to/from approved meetings, and that travel costs would be funded from the members basic allowance (with the exception of public transport costs which could

be claimed in line with the Green Travel Policy). This was accepted by the panel as an interim arrangement until 31<sup>st</sup> March 2013, however, the panel would still review all costs, including travel, for the following four years – 2013-2017.

At the first meeting the Committee and Member Services Manager informed the panel that in the current difficult financial circumstances facing local authorities, the council needed to make significant savings on all its budgets.

The panel were given an overview of the council's structure, committees and committee membership, together with background information on the current allowance scheme, which had been agreed just over three years ago. The council had been working with the original scheme since 2006.

The current allowance scheme was based on a formula which was linked to the basic minimum wage rate and increased in October each year. At the Council budget setting meetings in February 2010, 2011 and 2012, members agreed that there would be no increase in line with the basic minimum wage rate and the payment rate formula would use the October 2009 level of £5.80p.

## **5. Methodology**

At the briefing meeting the panel agreed to undertake the review using a variety of methods. This would include comparing information with other local authorities as well as providing questionnaires, arranging interviews and requesting information from relevant councillors and officers.

The panel considered carefully comparative evidence of allowances paid to members of other neighbouring North West authorities and also looked at a few councils in Cumbria with similar numbers of councillors/population.

To enable the panel to have a clear understanding of the roles of councillors within the authority, the panel received information on the structure of the council and responsible officers, the structure of the committees and the Cabinet, committee membership and membership of outside bodies. The panel also requested information on councillor profiles i.e. retired, in paid employment, disabled, dependent children, carer etc. This would help with any decisions being made by the panel in relation to Child Care and Dependent Carers Allowance.

In relation to Special Responsibility Allowances (SRAs), the panel asked for evidence on the number of times over the last four years that a vice-chair had needed to take on their role in the absence of the chair. In addition to this, the panel requested that a questionnaire be sent to the chairs and vice-chairs of the committees to identify the various roles, responsibilities and workloads of each of the positions.

The panel also interviewed the leaders of the two main political parties to seek their views on the following:

- a) Whether group leaders felt the formula was the best method of calculating the basic member allowance.

- b) Whether the payment to chairs of committees (which currently are weighted equally) should be ranked according to the responsibility associated with the particular committee they chair.

The different methods of enquiry enabled the panel to gather information on a number of aspects, including the different roles and responsibilities of the committee chairs and vice-chairs.

## 6. Basic Allowance

The basic allowance in Rossendale is currently £3,342. The panel studied and took into account basic allowances across all district authorities in Lancashire and Cumbria.

The allowance is payable to all councillors to recognise their time and commitment to the council. It covers all meetings of the authority, meetings with officers, meetings with electors/residents, political group meetings and this year it covers travel to/from meetings.

When comparing Rossendale's basic allowance with other authorities, the panel considered the current allowance to be mid-range to high. However, panel members took into account that in Rossendale councillors were also currently expected to fund travel to/from meetings from this allowance.

The basic allowance was therefore considered to be reasonable and the panel recommended no change to the amount, however they recommended that this become a flat rate which would rise in line with inflation (at Council's discretion) rather than be calculated using the current formula as below:

$(2/3 \times \text{average weekly hours}^*) \times \text{basic minimum wage} \times 48 \text{ working weeks}$

\*Average weekly hours was worked out in 2007/08 and was estimated at 18.

### **RECOMMENDATION**

**The panel recommends that the basic allowance remains unchanged at £3,342 for 2013/14, but the formula used to calculate the basic allowance be removed. The basic allowance will be a flat rate and future increases should be in line with inflation. This will be at the discretion of the Council when setting members allowances for the following financial year.**

## 7. Special Responsibility Allowance

Special responsibility allowances can be made to those councillors who have significant responsibility. This is paid in addition to the basic allowance, but only one special responsibility allowance can be claimed. The panel considered in detail which roles should receive a special responsibility allowance and their recommendations were based on the level of responsibility and comparisons with other authorities.

As previously noted the panel also met with the political group leaders to seek their views. Prior to meeting with them, it was agreed to send the group leaders a short questionnaire asking them to rank in order the responsibility of each of the committee chairs. The questionnaire also asked group leaders how they allocated to these positions e.g. availability, knowledge, experience, etc.

The panel questioned whether the role of a vice-chair was significant enough to warrant a payment, as research had shown that there had only been a few instances where the vice-chair had been required to chair the meeting over the last 5 years. This research related to vice-chair positions that currently warranted a special responsibility payment\*.

\*Special responsibility payments are currently only made to the vice-chairs of the regulatory committees: Development Control and Licensing. Payments to the chair and vice-chair of Standards Committee ceased in July 2012 when Full Council agreed its new procedures (as per the Localism Act 2011). From July there would be a Standards Panel which would meet as a sub group to deal with any standards complaints.

The panel compared all other special responsibility allowances with other authorities across the North West. The conclusion was that there was no consistent pattern across district councils in how special responsibility allowances were distributed across the different roles. The relationship between basic allowances and special responsibility allowances were found on the information provided to be relatively high when compared to other Lancashire Districts.

The panel was made aware of proposed changes to committee structures and reduction in the number of councillors (as detailed in the Changes to the Democratic Processes Report), and concluded that it would be most appropriate to consider any potential changes to the special responsibility allowances once the need for any new arrangements has been determined.

## **RECOMMENDATIONS**

**The panel recommends no changes to special responsibility allowances with the exception of the following:**

- **Removal of Standards Chair and Vice-chair payments, in line with the changes to standards as agreed at the Council meeting in July.**
- **Removal of payment to Overview and Scrutiny Management Committee Chair, in line with the proposed changes to the committee structure (as detailed in the Changes to the Democratic Processes report).**
- **No special responsibility payment to the vice-chairs of Licensing and Development Control unless they were required to chair a meeting. The payment would be on one off payment of £150 each time they were required to sub for the Chair.**

## **8. Childcare Allowance and Dependent Carer's Allowance**

The childcare allowance and dependent carer's allowance are payable to councillors who incur expenditure for the care of their children or dependent relative whilst the

councillor is undertaking approved duties such as attending meetings. These payments are issued direct to the care provider.

The panel noted that over the last 5 years no councillors had claimed a childcare allowance, and only one councillor had claimed a dependent carer allowance. However, the panel recognised that it is important to offer these allowances to councillors so they are not discouraged from carrying out council work by their personal responsibilities. The allowance would also assist with engaging a wider range of individuals to become councillors who may not otherwise commit owing to caring responsibilities.

#### **RECOMMENDATION**

**The panel recommends that the amount of childcare allowance and dependent carer's allowance which an individual member may claim in any one year will remain at £750. In exceptional circumstances it will be at the discretion of the Chief Executive to agree payment above this limit.**

### **9. Travel Expenses**

Travel expenses are intended to reimburse councillors for expenditure incurred when undertaking the approved duties.

In February 2012 Full Council agreed, 'That subject to Remuneration Panel agreement, members agree that as from 6th April there would no longer be a car mileage allowance for councillors.' This would in the future be included in the basic allowance given to councillors.

This was considered by the panel and it was agreed that this would be accepted as an interim arrangement till the end of March 2013. However, travel costs would still be looked at as part of the review.

Following the interview with the two group leaders it was agreed that travel should be paid if attending approved council business outside the borough, but all travel claims should be first approved by the political group leader.

#### **RECOMMENDATION**

**The panel agreed that travel should be paid at the appropriate rates when elected members undertake approved duties outside of the borough and that all travel claims should be approved by the political group leader. Mileage and/or public transport costs will be paid according to which is cheaper.**

### **10. Conclusions and Recommendations**

It was agreed that the current Members' Allowances Scheme be updated with the above recommendations from 1<sup>st</sup> April 2013.

The panel felt that their recommendations would hopefully have sustainability and be capable of dealing with any proposed committee changes.

Whilst the panel were aware of a review of the committee structure (in the Changes to the Democratic Processes report), this review was undertaken with the current structure in mind. Therefore, the panel recommend that they revisit the scheme in 2013 to consider the impact of any changes following the review.

Basic allowances were looked at across the board and were thought to be mid-range to high. However, the panel agreed that the basic allowance should be maintained at the current amount of £3,342 as it also included funding travel to/from meetings within the borough. Travel outside the borough could be claimed to/from approved meetings with authorisation from Group Leaders.

As a result of the recommendations within this report, and subject to approval by members, the council would make an estimated cost saving of £15,039 when compared with the 2012/2013 scheme, in addition to any savings made as a result of any ongoing travel cost savings.

#### **RECOMMENDATION**

- **That the Members' Allowances Scheme be updated with the amendments set out in this report and that the Director of Business be authorised to implement the scheme.**
- **That the Independent Remuneration Panel re-visit the scheme in 2013 to review the impact of any changes.**

#### **11. Acknowledgements**

The panel is grateful to all the members and officers who took the time to provide evidence and answer questions, including Chairs and Vice-Chairs of meetings and Group Leaders, and also to the Committee and Members Services Manager and Scrutiny Support Officer for providing background information and organising the meetings.