

RIBBLE VALLEY BOROUGH COUNCIL REPORT TO COUNCIL

DECISION

Agenda Item No

meeting date: 12 JULY 2011
title: THE REVIEW OF THE MEMBERS' ALLOWANCE SCHEME
submitted by: CHIEF EXECUTIVE
principal author: MARSHAL SCOTT

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 7 June 2011.

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. You will recall a panel was established in November with a view to completing their review for the 2011/12 municipal year.
- 2.3 It was agreed at Policy and Finance Committee on 29 March 2011 that the scheme of Members' Allowances for 2010/11 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 and sets out their findings and recommendations.
- 3.3 Policy and Finance Committee at their meeting on 7 June 2011 considered the report in detail and accepted the recommendations of the panel set out in Section 6 of their report with the following amendments:
- The recommended increases in the Basic and Special Responsibility Allowances be deferred until April 2012
 - That the Special Responsibility Allowances for Vice Chairman be retained.

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 and independent and parish members of the Standards Committee is £193,200.

The cost of the new scheme in 2011/12, based upon the panel's recommendations as amended by Policy and Finance is £192,300.

The cost of travel should also reduce slightly following the implementation of the Panel's recommendation to harmonise car allowance rates for members and officers.

If the Panel's recommendations were accepted in full, the cost of allowances would reduce to £179,300

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' Allowance.

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.

CHIEF EXECUTIVE

C4-11/MHS/AC
28 June 2011

RIBBLE VALLEY BOROUGH COUNCIL

REPORT OF THE INDEPENDENT REMUNERATION PANEL ON MEMBERS' ALLOWANCES

MAY 2011

MEMBERS OF THE INDEPENDENT REMUNERATION PANEL

- DAVID MORRIS – Retired Chief Executive – Ribble Valley Borough Council
IAN LLOYD – President – Clitheroe Chamber of Trade
LIZ McQUE – Chief Executive - 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 members and the public;
 - is simple to operate;
 - includes provision for annual review without the need for fundamental change;
 - considers, subject to the necessary legislation, whether allowances should be pensionable;
 - 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 consider what allowances should be paid to the independent and parish council members of the Standards Committee; and
 - to make such other recommendations as it considers necessary.

3 PRESENT MEMBERS' ALLOWANCE SCHEME

3.1 The Council's present members' allowance scheme was initially approved by the Council in July 2007. In reaching its decision members took account of the report of an Independent Panel that had been established. Allowances have been updated since under the agreed formulae with the exception of the last two years where members agreed to freeze allowances.

3.2 The existing scheme of members' allowances is shown below:-

- (1) A Basic Allowance for all members of £2685 per year
- (2) The Special Responsibility Allowances to be:-

Leader – 5 x basic allowance	£13,425 pa
Deputy Leader – 3 x basic allowance	£8,055 pa
Leader of Opposition – 3 x basic allowance	£8,055 pa
Committee Chairs – 2 x basic allowance	£5,370 pa
Planning & Development Committee Chairman 2½ x basic allowance	£6,713 pa
Committee Vice Chairs – 1 x basic allowance	£2,685 pa
- (3) Co-optee Allowances to be:-

Chairman of Standards Committee 1/3 x basic allowance	£895 pa
Independent & Parish Council members of the Standards Committee	£298 pa
- (4) Dependent Carers Allowance £5.73 per hour
- (5) These allowances to be increased each year (October) in line with the increase in the National Minimum Wage.
- (6) No member to be entitled to more than one special responsibility allowance.
- (7) Travel & subsistence to be paid at the prescribed national rates for members.
- (8) Pensions – all eligible councillors who wish to do so can join the local government pension scheme.

4 THE EVIDENCE CONSIDERED

4.1 The panel met on 4 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 Panel is aware that the Basic Allowance has been frozen for 2 years. The Basic Allowance is increased each year in October in line with the increase of the National Minimum Wage but this annual increase has not been implemented.

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 Councillors also commented upon specific aspects of the scheme and their attendance at meetings of "Outside Bodies".

OTHER 4TH OPTION LOCAL AUTHORITIES

- 4.5 The Panel obtained current details of members' allowance schemes from 20 comparable "4th Option" local authorities. The schemes from these local authorities were carefully analysed and allowances were compared.

INTERVIEWS WITH COUNCILLORS

- 4.6 The Panel interviewed 7 councillors representing a cross section of the members of the council. Each councillor was asked the same questions relating to the current members' allowance scheme and the responses were noted and subsequently discussed by the Panel.

5 CONCLUSIONS

The Panel have reached the following conclusions:-

- 5.1 The present calculation of the Annual Basic Allowance is fair, 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

- 5.2 The analysis of the questionnaire survey to councillors shows that the average time spent by councillors on council duties, excluding special responsibilities, is 11 hours per week. The Panel consider that part of that time should reflect voluntary public service. An allocation of 20% voluntary public service is considered to be reasonable. Therefore the Panel have concluded that 9 hours per week be used as the basis for calculating the Annual Basic Allowance.
- 5.3 The Panel consider that the hourly rate to be used should continue to be the National Minimum Wage. This is currently £5.93 per hour.
- 5.4 Any future annual increases are to be based upon the National Minimum Wage and to be introduced as from 1 April.
- 5.5 Compared with other local authorities, Ribble Valley Borough Council's present Annual Basic Allowance of £2,685 is low. Only 1 similar local authority pays a lower Annual Basic Allowance.
- 5.6 The present calculation of Special Responsibility Allowances is achieved by multiplying the Annual Basic Allowance by a prescribed factor. This is easy to understand, is simple to operate and rewards those councillors who have particular special responsibilities.
- 5.7 At present 16 (40%) councillors receive a Special Responsibility Allowance. The amount and number of Special Responsibility Allowances are high compared with the vast majority of similar local authorities. Only 2 of the similar local authorities pay higher Special Responsibility Allowances.
- 5.8 The higher amount of Special Responsibility Allowance for the chairman of the Planning & Development Committee compared to other service committee chairmen is justified. This committee meets 15 times per year; there is a large complex

workload, numerous technical issues and considerable public interest and “pressure” from applicants and objectors.

- 5.9 The Planning & Development Committee have 15 meetings each year. Policy & Finance Committee meets 6 times each year. Service Committees and Overview & Scrutiny Committee meet 5 times each year. Accounts & Audit Committee and Licensing Committee meet 4 times each year. All the chairmen of these committees are eligible for a Special Responsibility Allowance of 2 x the Annual Basic Allowance, with the exception of the chairman of the Planning & Development Committee who is eligible for 2½ x the Annual Basic Allowance. The Panel considered the possibility of “banding” the various committees based upon the number of meetings and their workloads and then using different multiplying factors for the Special Responsibility Allowances for chairmen of committees. However, the Panel agreed that it is difficult to assess the differing level of responsibility and workloads of the various committees. Therefore, it was concluded that the current multiplying factors remain.
- 5.10 Six of the comparable 4th Option Local Authorities do not pay a Special Responsibility Allowance for vice-chairmen of committees. The vast majority of similar local authorities pay lower allowances to vice-chairmen varying from £292 to £1,395 per annum. During the last 2 years (2009/10 and 2010/11) there have been 104 committee meetings and on only 5 occasions has the vice-chairman chaired the meeting in the absence of the chairman. The Panel concludes that the role of vice-chairman of a committee does not justify a Special Responsibility Payment.
- 5.11 31 (71%) of councillors are members of Local Outside Bodies. The Panel considered whether such membership warranted the payment of a Special Responsibility Allowance. The Panel concluded that the membership of Local Outside Bodies is part of the councillors role as community representatives and does not warrant the payment of a Special Responsibility Allowance.
- 5.12 The Panel considered the current Travel & Subsistence Allowances and concluded that the rates for travel by a councillor in his / her own car should be the same as the rates paid to council officers.
- 5.13 The Conservative Party majority on the Council is 26. The political composition of the Council following the elections held on 5 May 2011 is:-

Conservatives	33
Liberal Democrats	6
Independent	1

The Conservative Party has an increased and substantial majority.

- 5.14 The vast majority of councillors consider that:-
- the current system is fair and easy to understand;
 - there should be an element of voluntary contribution by councillors;
 - the payment of the various Special Responsibility Allowances is a reasonable way of recognising the responsibilities of Leaders & Chairmen;
 - the chairman of the Planning & Development Committee should receive a higher Special Responsibility Allowance than other committee chairmen.

6 UNANIMOUS RECOMMENDATIONS OF THE PANEL

6.1 Annual Basic Allowance

The Panel recommends an Annual Basic Allowance payable to all councillors of £2,775 based upon the following calculation:-

9 hours per week x £5.93 per hour x 52 weeks = £2,775

6.2 Special Responsibility Allowances

The Panel recommends the following Special Responsibility Allowances based upon an appropriate multiplier of the Annual Basic Allowance.

Responsibility	Recommended Weighting	P r e s e n t Weighting	Recommended Annual Amount	P r e s e n t Annual Amount
Leader	x 5	x 5	£13,875	£13,425
Deputy Leader	x 3	x 3	£8,325	£8,055
Shadow Leader	x 3	x 3	£8,325	£8,055
Committee Chairmen	x 2	x 2	£5,550	£5,370
Planning & Development Committee Chairman	x 2½	x 2½	£6,938	£6,713

6.3 Compared to the Present Members' Allowance Scheme the Panel recommends the removal of the Special Responsibility Allowances for committee vice-chairmen.

6.4 The recommended increases (as shown above) in the Annual Basic Allowance and Special Responsibility Allowances equate to an increase of 3.35%.

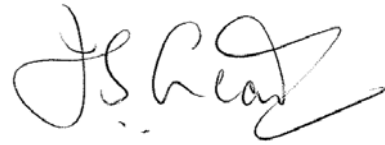
- 6.5 The Panel recommends that no Councillor is entitled to more than one Special Responsibility Allowance.
- 6.6 Co-optees Allowances
The Panel recommends an annual payment of £925 which is 1/3rd of the Annual Basic Allowance, be paid to the non-elected independent chairman of the Standards Committee. The annual payments to the non-elected independent members and the two parish council members of the Standards Committee is recommended to be £308 which is 1/3rd of the chairman's allowance.
- 6.7 Dependents Carers Allowance
The Panel recommends a payment of £5.93 per hour (National Minimum Wage) 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.
- 6.8 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.
- 6.9 Pensions for Councillors
The Panel recommends retaining the present arrangement which allows for all eligible councillors, who wish to do so, to join the local government pension scheme, and that both the Annual Basic Allowance and Special Responsibility Allowances be eligible for pension payments.
- 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, Co-optees Allowance and Dependents Carers Allowance be increased annually in line with the increase in the National Minimum Wage each October and to be introduced from the following April.
- 6.11.2 The Basic Annual Allowance and the Special Responsibility Allowances to be paid in 12 equal, monthly instalments.
- 6.11.3 The revised Scheme of Members' Allowances to be reviewed in 4 years time.
- 6.11.4 The revised Scheme of Members' Allowances be introduced after the election of a "new council" following the Local Government Elections on 5 May 2011.

7 COMMENTS FROM THE PANEL

- 7.1 The Panel consider that the Leader of the Council should always be the chairman of the Policy & Finance Committee.
- 7.2 The Panel considers that the details of “approved duties”, which are eligible for travel & subsistence allowances, should be provided to all councillors.



David Morris (Chairman)



Ian Lloyd



Liz McQue



Rev Andy Froud

RIBBLE VALLEY BOROUGH COUNCIL

MEMBERS' ALLOWANCES SCHEME

APPENDIX – TRAVELLING AND SUBSISTENCE ALLOWANCES (2011/2012)

TRAVELLING BY PRIVATE VEHICLE

(a) Motor Cars

The rate for travel by a councillor in his/her own private vehicle or one belonging to a member of the family or otherwise provided for the councillor's use shall not exceed:

A motor car of cylinder capacity:

	2010/11 rates
Not exceeding 999cc	46.9p per mile
1000 to 1199cc	52.2p per mile
Over 1199cc	65.0p per mile

NB:
Top rate not paid to Officers

The above rates will be revised in accordance with the rates determined by the National Joint Council for Local Authorities.

(b) Car Sharing

Where a councillor brings another councillor or councillors he/she shall be entitled to a passenger allowance of 5p per mile for each passenger.

(c) Bicycles

When a councillor uses a bicycle the rate shall not exceed 20p per mile. This rate shall be revised in accordance with the maximum allowance for income tax purposes as determined by HMRC.

(d) General

For the purposes of paragraph (a) above the cylinder capacity (cc) shall be that entered in the vehicle registration book or document by the Secretary of State under the Vehicles (Excise) Act 1971.

In addition to the rates detailed above, the actual and receipted expenditure incurred on tolls, ferries or parking fees, including overnight garaging may be claimed.

SUBSISTENCE

Overnight Accommodation

Where the nature of the duties being undertaken result in a councillor being absent from his/her usual place of residence overnight accommodation will be booked and paid directly by the borough council.

In exceptional circumstances where it is not possible for the borough council to make a direct booking on behalf of a councillor, the actual receipted cost of accommodation including breakfast will be reimbursed to the councillor. Such reimbursement will be subject to a maximum allowance per night as follows:

Area	1/10/10-30/9/11
London	£132.66
Elsewhere in the UK	£112.73

These maximum allowances are reviewed each October using the September retail price index. The next review is due in October 2011.

Day Subsistence

For an absence of more than 4 hours from the normal place of residence, councillors may claim reimbursement in respect of actual receipted expenditure incurred on subsistence subject to the following maximum allowances:

Period	1/10/10-30/9/11
For a period greater than four hours but less than eight hours	£19.88
For a period greater than eight hours but less than twelve hours	£33.15
For a period greater than twelve hours	£46.42

These maximum allowances are reviewed each October using the September retail price index. The next review is due in October 2011.

Travel & Subsistence – Approved Duties

Appropriate travel and subsistence allowances may be claimed in accordance with the above details where such travelling and/or subsistence has been undertaken in connection with one or more of the following duties:

- (a) The attendance at a meeting of the Authority or of any Committee or Sub-Committee of the Authority, or of any body to which the Authority makes appointments or nominations, or of any Committee or Sub-Committee of such a body.
- (b) The attendance at any other meeting, the holding of which is authorised by the Authority or a Committee or Sub-Committee of the Authority or a joint Committee of the Authority and one or more local authority within the meaning of section 270(1) of the Local Government Act 1972 or a Sub-Committee or such a joint committee provided that:
 - (i) where the Authority is divided into two or more political groups it is a meeting to which members of at least two such groups have been invited, or
 - (ii) if the Authority is not so divided, it is a meeting to which at least two members of the Authority have been invited.
- (c) The attendance at a meeting of any association of authorities of which the Authority is a member.

- (d) The performance of any duty in pursuance of any Standing Order made under section 135 of the Local Government Act 1972 requiring a Member or Members to be present while tender documents are opened.
- (e) The performance of any duty in connection with the discharge of any function of the Authority conferred by or under any enactment and empowering or requiring the Authority to inspect or authorise the inspection of premises.
- (h) The carrying out of any other duty approved by the Authority, or any duty of a class so approved, for the purpose of, or in connection with, the discharge of the functions of the Authority or any of its Committees or Sub-Committees.