

# **Report of the independent remuneration panel**

**April 2015**

## Membership of the panel

The members of the panel are:

- Will Lindesay – chief executive, Herefordshire Voluntary Organisation Support Service
- Peter Brown – chief executive, Herefordshire Housing
- Rob Garner – director, New Leaf Sustainable Development Ltd

## Background

The panel were advised that significant variations to the current scheme of allowances for members were not being considered at this time for the following reasons:

- With the changes brought about by the recent boundary commission review being implemented in May 2015, time was needed to assess any impact of those changes on average ward member workloads before reviewing the method of calculation for the basic allowance; and
- It would be prudent to await the outcome of a review of the model of governance planned during 2015/16 before reviewing appropriate levels of remuneration for posts eligible to attract a special responsibility allowance.

A report was submitted to the panel setting out a number of considerations, and the panel's conclusions and recommendations are set out below.

## Basic allowance

The panel noted that it was not proposed to change the method of calculation, being an estimated monthly average hours worked of 90, less a public service discount of 33.3%, multiplied by the Herefordshire median hourly earnings, multiplied by 12 (months), for the basic allowance. This method of calculation was in line with that adopted by other similar authorities. The panel noted that further work would be undertaken during 2015/16 to assess the impact of the changes to warding arrangements on average member workloads.

Panel members recognised the challenges associated with setting a realistic rate of allowance in a county with lower than average wage levels and at a time of continuing public sector financial constraint. It was noted that alternative options for calculating basic allowance could be assessed when a more fundamental review of allowances was next undertaken.

### Recommendation to Council:

- a) that the current method of calculating basic allowance be retained;**

The panel were advised that, following discussion at the health and social care overview and scrutiny committee and with group leaders, the council had requested that consideration be given to adopting a system of basic allowance which incentivised completion of mandatory training by councillors. It was noted that councils were not permitted to withhold allowances,

but could adopt a system whereby receipt of the higher level of allowance was conditional on certain criteria being met.

Panel members supported the proposal to set a lower rate basic allowance for all members with the higher rate only to be payable on completion of specified mandatory training, and proposed that the method for calculating the lower rate should be to increase the public service discount multiplier to 50%.

Clarification was sought regarding the time limit within which all mandatory training should be completed and it was suggested that this should be 1 September (ie allowing three months), with an extension being granted only in exceptional circumstances. If a member completes all relevant mandatory training by the due deadline the higher rate of basic allowance would be payable for the whole of the municipal year. However, it was also proposed that backdating payment of the higher rate allowance should not apply if mandatory training was completed after this date.

The panel observed that in addition to requiring completion of training it may be helpful to provide a mechanism for assessing the impact of such training, and suggested that Council consider implementing a form of annual performance appraisal for elected members. It was also noted that members training records would be published online, and that it was open to the Council to apply other sanctions in respect of those members not completing mandatory training such as removal from committee seats.

#### **Recommendations to Council:**

- b) a lower rate basic allowance be payable to all members unless all relevant mandatory training has been completed by 1 September;**
- c) the lower rate basic allowance be calculated using a monthly average of 90 hours less a public service discount of 50%, multiplied by the Herefordshire median hourly earnings, multiplied by 12 (months);**
- d) Council considers implementing a system of annual performance appraisal for elected members;**

### **Special responsibility allowances**

The panel noted that no fundamental changes to the structure and levels of special responsibility allowances were currently proposed.

The panel was asked to consider the current arrangements for remuneration when chairing a task and finish group established by an overview and scrutiny committee. The arrangements were:

- Vice chairmen of overview and scrutiny committees would be entitled to claim a band 4 allowance if they chaired 40% or more of task and finish reviews, otherwise they would be entitled to a band 5 allowance.
- For others chairing a task and finish review (and not in receipt of any other special responsibility allowance) an allowance of £500 would be available if certain criteria were met.

It was observed that these arrangements were not as readily transparent as they could be as it was difficult to assess a percentage given that task and finish groups varied hugely in complexity, timescale and profile. It was also observed that little or no use had been made of the £500 allowance since its introduction, but that doing so would enable chairmen to be selected on the basis of skills and interest and enable the involvement of a wider range of members in the important work of the overview and scrutiny committees.

The panel were supportive of making greater use of the £500 one-off allowance, but emphasised the need for the council to develop clear and transparent criteria for determining which task and finish group activity would qualify the chairman to receive the allowance.

#### **Recommendations to Council:**

- e) the special responsibility allowance for vice chairmen of overview and scrutiny committees be set at band 5;**
- f) Council considers establishing and publicising a set of criteria against which eligibility for a special responsibility allowance of £500 for chairing a task and finish group would be assessed when the committee appoints any such chairman;**
- g) the remaining special responsibility allowances continue unchanged;**

### **Index for the purpose of annual adjustment of allowances**

The panel noted that the national joint council pay award for local government index was one used by many councils as an index for the purposes of uplifting allowances.

#### **Recommendation to Council:**

- h) basic and special responsibility allowances be updated annually in line with the national joint council for local government services pay award for a period of not more than four years;**

### **Expenses**

The panel noted that there was no longer a requirement for a one off allowance of £1,000 to be available to members in the year of an election given that computer equipment and support was now to be provided corporately.

The panel noted that continued use of the Her Majesty's Revenue & Customs mileage rates remained appropriate and recommended retention of the existing schemes for travel and subsistence, and childcare and dependants' carers' allowances.

#### **Recommendation to Council:**

- i) the current schemes of travel and subsistence, and childcare and dependants' carers' allowances be retained;**

## **Parish Councils**

The panel noted that, following consultation with parish councils in both 2012 and 2014, no interest had been expressed in adopting allowances for members other than a request that parish councils be able to adopt the Herefordshire Council scheme of childcare and dependants' carers' allowances should they choose to do so.

### **Recommendation to Council:**

- j) the current childcare and dependants' carers' allowance scheme be extended to parish councils if they wish to adopt such a scheme.**