

Meeting:	Council
Meeting date:	19 May 2017
Title of report:	Councillors' allowances scheme
Report by:	Solicitor to the council and monitoring officer

Classification

Open

Key decision

This is not an executive decision.

Wards affected

Countywide

Purpose

To approve the Herefordshire councillors allowances scheme having regard to the recommendations of the council's independent remuneration panel.

Recommendation(s)

THAT:

- (a) having regard to the recommendations of the independent remuneration panel, council adopts a scheme of basic and special responsibility allowances from the options set out in appendix 2;**
- (b) a two step mandatory training element be maintained in relation to the basic allowance;**
- (c) 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 two years; and**
- (d) the current schemes of travel and subsistence, and childcare and dependants' carers' allowances be retained with a requirement that expenses must be claimed within 12 months of being incurred.**

Alternative options

- 1 Retaining the current scheme is not an option as that scheme has no provision for the role of standing chairman of licensing sub-committee or the adoption panel appointee. The council can decide to accept the independent remuneration panel's (IRP) recommendations in full or in part and or such allowances scheme as it sees fit, subject to possible referral back to the panel in relation to any matters on which the panel has not made a recommendation. Alternative options are described in more detail within the report.
- 2 The council has historically relied on an index for the annual adjustment of allowances. Regulations state that where a council does rely on an index, it must not do so for more than four years before seeking a further recommendation from the independent remuneration panel on the application of the scheme. Council could agree:
 - the adoption of a different index – this is not recommended because other indices do not provide a natural link to local government pay restraints;
 - no index link at all – this is not recommended because it would require an annual assessment of the allowance levels in place of the automatic adjustment.

Reasons for recommendations

- 3 To comply with the requirement that, under the Local Authorities (Members' Allowances) (England) Regulations 2003, before amending its councillors' allowances scheme, the council must have regard to the recommendations made in relation to it by an IRP.

Key considerations

- 4 The council is required to establish and maintain an IRP to make recommendations on the scheme of allowances for members. The council is required to publish details of the panel's recommendations and the main features of any scheme that the council adopts.
- 5 The IRP have concluded their review and have produced the attached report (see appendix 1). The monitoring officer is grateful to the panel members for the work they have undertaken.
- 6 The IRP agreed the following principles to underpin their review:
 - The basic allowance should encourage people from a wide range of backgrounds and with a wide range of skills to serve as local councillors.
 - Those who participate in and contribute to the democratic process should not suffer unreasonable financial disadvantage.
 - Councillors should be compensated for their work and the compensation should have regard to the full range of commitment and complexity of their roles.
 - The system should be transparent, simple to operate and understandable.
 - The system should not encourage the proliferation of meetings or provoke councillors into spending more time on council business than is necessary.
 - The level of remuneration should relate to a commonly accepted benchmark.

- 7 The main differences between the allowances recommended by the panel and those contained within the current scheme are:
- The method of calculation for the basic allowance has historically been an estimated monthly average hours worked of 90, less a public service discount of 33.3% (50% for the basic rate if mandatory training has not been completed), multiplied by the Herefordshire median hourly earnings confirmed by the Office for National Statistics (ONS), multiplied by 12 (months). The IRP have retained this formula applying a 50% discount and instead adopting the Herefordshire mean hourly earnings provisionally issued by ONS. The confirmed 2015 median figure is £10.31/hour compared to the provisional 2016 mean figure of £15.72/hour;
 - The IRP have undertaken a process to rate the roles that may be eligible for a special responsibility allowance (SRA), having regard to the consultation they undertook with all elected councillors. Having rated the roles the panel adopted a multiplier approach based on the basic allowance. There is little data to identify how SRA's were previously rated but the multiplier related to the determined allowance for the leader of the council as opposed to the basic allowance;
 - The statutory role undertaken by an elected member on the adoption panel should attract an SRA;
 - The new role of standing chairman of licensing sub-committee should attract an SRA;
 - Vice chairmen roles would not attract an SRA; and
 - The existing traveling and subsistence allowance be amended to require that claims be submitted within 12 months of incurring the expense.
- 8 Given that the recommendations of the IRP result in an unbudgeted pressure, a range of alternative options have been provided in appendix 2. The basis for each of these alternative options is as follows:
- Option A – sets out the recommendations of the IRP
 - Option B – retains the structure recommended by the IRP but uses the confirmed 2015 Herefordshire median hourly rate as published by the ONS to calculate the basic allowance.
 - Option C - retains the structure recommended by the IRP but uses the confirmed 2015 Herefordshire median hourly rate as published by the ONS to calculate the basic allowance, and assesses the average monthly time commitment as 95 hours rather than 90.
 - Option D – retains the structure recommended by the IRP including the rate of basic allowance recommended but reduces the SRA's by 40% to achieve a balance to the existing budget
 - Option E – accepts the IRP's recommended basic allowance, retains the existing scheme of SRA's with the addition of the IRP's recommended allowances for the roles of standing chair of licensing sub-committee and member appointee to the adoption panel.
- 9 Members are invited, under recommendation (a) to determine which option to adopt.
- 10 Under section 30 and 31 of the Localism Act 2011 ('the Act'), members have a

pecuniary interest discussion of this item as basic allowances are required to be paid to all members. Members nominated to posts attracting an SRA have a further pecuniary interest. As a result the members may not participate in any discussion or vote on the matter.

- 11 The monitoring officer, having received a written request on behalf of all members affected by the preceding paragraph, has granted a dispensation to all members.
- 12 The dispensation is granted under section 33 (2)(a) of the Act, as it is considered that without the dispensations the number of persons prohibited by section 31(4) from participating in the item in question would be so great a proportion of the members of Council as to impede the transaction of the business. This dispensation is from both section 31(4)(a) and section 31(4)(b) of the Act.
- 13 Those members affected may therefore participate in the discussion and vote on all of the recommendations.

Community impact

- 14 Consideration of members' allowances needs to take account of the current financial climate. The independent remuneration panel members are independent of the council and represent the wider interests of the county. The adoption and publication of a scheme of allowances ensures there is transparency regarding the remuneration of elected members.

Equality duty

- 15 Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:

A public authority must, in the exercise of its functions, have due regard to the need to -

- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
 - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and
 - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
- 16 In support of delivery of the public sector equality duty the current childcare and dependants' carers' allowance scheme already seeks to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it

Financial implications

- 17 The budget for members' allowances for 2017/18 is £636k made up of £456k for the basic allowance (inclusive of National Insurance payments) and £180k for special responsibility allowances.
- 18 The recommendations are that any budget pressure arising from an increase in the basic allowance and / or special responsibility allowances will need to be managed by

council general reserves for 17/18, and through the budget setting and medium term financial strategy process. This may impact upon the future savings plans for the council.

- 19 For illustrative purposes, the total cost pressures arising are as follows:

	Budget Pressure £000
Option A	94
Option B	4
Option C	39
Option D	Nil
Option E	56

Legal implications

- 20 In order to comply with the Local Authorities (Members' Allowances) (England) Regulations 2003, it is necessary for council to have regard to the IRP recommendations.

Risk management

- 21 If allowances are not established in an open and transparent way the reputation of the council and public service in general may be brought into disrepute.
- 22 Failure to appropriately remunerate elected members for the responsibilities they take on and the expenses they incur may act as a disincentive to stand for public office.

Consultees

- 23 The report of the IRP sets out what consultation was undertaken to inform their recommendations. Political group leaders have been consulted on the development of alternative options as set out within the report.

Appendices

Appendix 1 – Independent Remuneration Panel Report

Appendix 2 - Table of options for basic and special responsibility allowance schemes

Background papers

- None identified.