

FAREHAM

BOROUGH COUNCIL

Report to Council

23 February 2018

Subject: **Members' Allowances Scheme**

Report of: **Head of Democratic Services**

SUMMARY

In 2003, the Government made Regulations which give local authorities discretion in preparing a Members' Allowances Scheme that reflect local circumstances, whilst at the same time providing clear and transparent accountability. In support of this process, local authorities are required to take into account the recommendations of a locally appointed Independent Remuneration Panel.

The current scheme of Members' Allowances expires in the 2017/18 municipal year and so the Council must adopt a new scheme for 1 April 2018 onwards. The Independent Remuneration Panel has made recommendations in respect of the scheme for next year and Council will be invited to consider their proposals. These recommendations have been considered by the Scrutiny Board and the Executive. Council is asked to consider the recommendations of the Panel together with those recommendations made by both the Scrutiny Board and the Executive.

RECOMMENDATIONS

It is recommended that Council:

- (a) considers the report of the Independent Remuneration Panel, as set out in Appendix A to this report;
- (b) takes into account the comments of the Scrutiny Board as set out at paragraph 16 (a) – (d) of this report;
- (c) takes into account the comments of the Executive as set out at paragraphs 17 – 20 of this report;
- (d) subject to (a) to (c), agrees the recommendations of the Independent Remuneration Panel as set out from paragraphs 8 – 15 of this report; and
- (e) approves the revised Members' Allowances Scheme Handbook with effect from 1 April 2018, as set out at Appendix C to this report.

INTRODUCTION

1. The Independent Remuneration Panel, which advises the Council on the payment of Members' allowances, convened on 9 November 2017 to review the current scheme of allowances and to make recommendations for an updated scheme. The full report of the Panel is attached at Appendix A.

BACKGROUND

2. In 2003, the Government made Regulations which give local authorities discretion in preparing a Members' Allowances Scheme that reflect local circumstances, whilst at the same time providing clear and transparent accountability. In support of this process, local authorities are required to take into account the recommendations of a locally appointed Independent Remuneration Panel.
3. The Panel first met and made initial recommendations in 2003 and has since advised the Council periodically in respect of the allowances payable to Members. The Panel which met on the 9 November 2017 consisted of the same 3 Panel members as previously, which provided continuity for this review.
4. The Panel was invited to review the current scheme, consider whether any changes should be made and to make appropriate recommendations to Council for a refreshed scheme to operate from 1 April 2018.
5. The Scrutiny Board, at its meeting on the 11 January 2018, considered the report of the Independent Remuneration Panel and the recommendations made within it. Recommendations made by the Panel and the Scrutiny Board are set out below.
6. Executive Members are reminded that there is an automatic dispensation to all Members to enable discussion and a decision to be taken on Members' Allowances and Disclosable Pecuniary Interests do not apply to this decision, under the Code of Conduct.

PANEL RECOMMENDATIONS

7. The conclusions and recommendations of the Independent Remuneration Panel are set out from paragraph 6 of the Panel's report which is attached at Appendix A.
8. The Panel compared allowances paid to Members with other similar sized Hampshire Councils. They noted that the average spend per Member at Fareham is £13,513 which is considerably higher than the next listed Hampshire District Council according to the South East Employers' Members Allowances Survey Data 2017/18. The Panel has recommended that the Council confirms that it is satisfied that there are good and valid reasons for these facts.
9. The Panel is recommending that all allowances and expenses are indexed and incrementally increased at the same rate as staff increases.
10. The Panel is recommending that the Members' Allowances Scheme includes a Special Responsibility Allowance for the Mayor and Deputy Mayor of 80 and 15 points respectively.
11. The Panel also recommended that the Designated Independent Person be paid quarterly, as requested by the Designated Independent Person, in order to ease administration. Subsequent enquiries made with the Finance team have indicated that

this change would actually increase administration as the work would have to be run manually due to there being no provision within the system to run a quarterly payroll.

12. The Panel reviewed the Special Responsibility Allowance paid to the Leader of the Minority Group. The Panel is recommending that the allowance paid to the Minority Group Leader should be 60 points for 1-9 Group Members, and for 10 Group Members and above, 120 points, with the removal of note 3 from the Members Allowances Scheme which awards 120 points to the Leader of the largest minority group irrespective of the number of group members dropping below 10.
13. The Panel is recommending that Council considers aligning the Subsistence Allowances, set out in the Scheme, to the amounts paid to officers.
14. The Panel is recommending that consideration be given to paying a supplement of 5p per mile per extra person for Members who carry other Councillors in their vehicle to approved meetings.
15. The Panel is recommending that Carers' Allowances are paid at the living wage rate.

SCRUTINY BOARD RECOMMENDATIONS

16. At the Scrutiny Board meeting on 11 January 2018, Members debated this item at length and considered a tabled document which gave Members examples of the cost implications of some of the proposed recommendations (as attached at Appendix B to this report). The Scrutiny Board made several comments which included:
 - (a) the points awarded for the role of Mayor should be higher due to the personal costs incurred during the Mayoral year, which they felt could detract from accepting this role (recommendation 6.4 of the IRP report);
 - (b) not having the Members' Allowances Scheme index linked with Officers' pay. The Board felt that Members' allowances are not salaries and should not be treated in the same way and did not feel a 2% pay increase (in line with the current national offer for Officers) should be accepted in light of the current financial constraints faced by the Council (recommendation 6.3);
 - (c) applying an annual increase at the same rate of Officers, which is index linked, to the Designated Independent Person (recommendations 6.3 and 6.5); and
 - (d) in respect of the recommendation at 6.6 for the Special Responsibility Allowance paid to the Leader of the Minority Group, Councillor S Cunningham addressed the Board on this proposed change stating that he did not think this was appropriate. Councillor S Cunningham requested that his views were considered by the Executive.

EXECUTIVE RECOMMENDATIONS

17. The Executive considered this item at its meeting on the 5 February 2018. A representation was made by Councillor J Forrest who raised concerns that Councillor R Price, the Leader of the Liberal Democrat Group, had been unable to put his views forward to the Panel in respect of their recommendation to reduce the remuneration paid to the Minority Group Leader based on the number of group members.
18. The Executive Leader outlined that at the time of the last review of Member's Allowances the Scheme did reflect the size of the group as there was, at that time, a higher number of

members within the opposition group. These numbers had decreased over the following years but the Scheme had not been adjusted accordingly. The Executive Leader acknowledged that the Opposition Group Leader had not been invited to address the Panel and that he would look into that issue.

19. The Executive Leader highlighted the recommendation by the Scrutiny Board that the Designated Independent Person's remuneration was increased and index linked. The Executive Leader stated that the Council used to have two Independent Persons which had reduced to one. He highlighted the role of the Designated Independent Person who considers standards matters and is involved in considering complex complaint matters.
20. Executive Members commented on the comparisons made by the Panel with other Authorities and gave a view that it can be difficult to compare due to the differences within local authorities in what is provided to Members. For example, IT provision, mileage allowance.

FINANCIAL IMPLICATIONS

21. The proposals of the Independent Remuneration Panel would result in a range of savings and additional spend depending on which are taken forward for adoption. Therefore, the net financial impact cannot be fully assessed until the final recommendations are made.
22. Appendix B provides a table showing potential costs and savings for each of the recommendations, shown over a four-year period.
23. Appendix C is a draft Member's Allowances Handbook showing how the book would look if the recommendations are agreed.

RISK ASSESSMENT

24. There are no significant risk considerations in relation to this report.

CONCLUSION

25. The Independent Remuneration Panel has reviewed the Scheme of Members' Allowances and made recommendations to be implemented from 1 April 2018.
26. The Scrutiny Board and Executive have considered these recommendations and Council is asked to determine whether to accept them and implement a new Scheme commencing 1 April 2018.

Appendices:

A: Report of the Independent Remuneration Panel November 2017.

B: Document tabled at Scrutiny Board meeting which outlined the costs of proposed recommendations made by the Independent Remuneration Panel.

C: Draft Member's Allowances handbook with effect 01 April 2018.

Background papers:

South East Employers': South East Members Allowances Survey Data 2017/18

Reference papers:

The Local Authorities (Members' Allowances) (England) Regulations 2003

<https://www.legislation.gov.uk/uksi/2003/1021/contents/made>

Enquiries:

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