

REPORT TO EXECUTIVE

Date of meeting 12 December 2017

Report of the Independent Remuneration Panel on Members' Allowances

Title:- MEMBERS' ALLOWANCES 2018/19 – 2020/21

Is this a key decision

No

Is this an Executive or Council function?

Council

1 What is the report about?

To consider the level of Members' Allowances for the three year period 2018/19 – 2020/21.

2 Recommendation

That the following recommendations be made to Council in respect of the Exeter City Council Members' Allowances for the three year period 2018/19 – 2020/21.

That:-

- 1) the basic structure and principles of the current Members' Allowances scheme be retained for 2018/19;
- 2) the principle be set that Special Responsibility Allowances be paid to no more than 50% of the overall number of councillors;
- 3) the principle that any Member qualifying for more than one Special Responsibility Allowance is paid the higher allowance only, should be retained, including, and if appropriate, for the Chair of the HRA Management Board (as per recommendation (11) below) if they are an elected Member;
- 4) the Councillors' Basic and Special Responsibility Allowances including the Lord Mayor and Deputy Lord Mayor's Expenses Allowances, should be linked to the average allowance per resident, in the agreed comparator group of authorities, with this figure being set at £1.87 per resident for the three year period of 2018/19 – 2020/21;
- 5) that as a consequence of (4) above, the basic allowance for 2018/19 be set at £5,400 per annum (an increase of £350), with this sum being increased by a further £350 per annum in the 2019/20 and 2020/21 financial years (to £5,750 and £6,100 respectively);
- 6) that an additional Special Responsibility Allowance be paid to each Member Champion, with this being set at one quarter of a basic allowance (£1,350 in 2018/19), with such an allowance only payable during the life span of the particular task, and would be pro-rata for part-yearly terms;

- 7) Travel and Subsistence allowances available for staff continue to apply to Exeter City Councillors, where appropriate;
- 8) the current Dependants' Carers' Allowance scheme be maintained, with the continuation of the level of allowance matching the Living Wage of £8.44 per hour or part of (retaining the uplift of the standard rate of income tax to £10.13);
- 9) the sum of £50 paid to the Independent Persons affiliated to the Audit and Governance Committee for up to four hours work, and £100 for four hours and over, payable to each of the two Independent Persons (up to a maximum of £500 per person in any one year) be retained;
- 10) in respect of the Performance Scrutiny Panel, a sum equivalent to £10 per meeting be paid to each member (this to be funded from the Housing Revenue Account); and
- 11) in respect of the proposed HRA Management Board,
 - (a) the principle of an allowance being paid to each Independent Member of the Board be agreed;
 - (b) the principle of a Special Responsibility Allowance for the Chair of the Board be agreed;
 - (c) the exact amounts for these allowances be considered and agreed by the Council's Independent Remuneration Panel on Members' Allowances, once the position of the Management Board within the Council's governance arrangements is agreed;
 - (d) any payments made as a consequence of (a) and (b) above be funded from the Housing Revenue Account;

3 Reasons for the recommendations

- 3.1 The Local Authorities (Members' Allowances) (England) Regulations 2001 and 2003 require Councils to establish and maintain an Independent Remuneration Panel to review and provide advice to the local authority on its scheme of Members' Allowances and in particular to recommend the allowance to be paid to Members.

4 What are the resource implications including non financial resources

- 4.1 The budget for the scheme of allowances in 2017/18 totals £319,440 and this has been included in the estimates for 2018/19.
- 4.2 If the suggested increase above is approved, this equates to a £350 increase in the level of basic allowance for 2018/19.
- 4.3 This, together with the proposed provision of a Special Responsibility Allowance for Member Champions, would mean the projected maximum cost of the proposed Allowances scheme for 2018/19 being £346,881 which represents an increase of £27,441.
- 4.4 This would further increase in each of the two following financial years to £370,816 and £396,402 respectively.

5 Section 151 Officer Comments

- 5.1 The amounts above represent an increase over and above the amount forecast in the medium term financial plan. Therefore, the Council will need to identify savings elsewhere in the budget to accommodate the proposal. If approved, the funds will be added to the budget and taken into account in the medium term financial plan.

6 What are the legal aspects?

- 6.1 The Local Authorities (Members' Allowances) (England) Regulations 2001 and 2003 require Councils to establish and maintain an Independent Remuneration Panel to provide the local authority with advice on its scheme of Members' Allowances and recommend the amounts to be paid.

7 Monitoring Officer's comments

- 7.1 There are no issues for the Deputy Monitoring Officer.

8 Report details

- 8.1 The City Council has an established Independent Remuneration Panel, and remuneration scheme, which provides for a reasonable recompense for the time, commitment and duties involved in being a Councillor. This allows for an element of public service and also reflects the level of time which the average Councillor spends on casework, local community work and other Council work.
- 8.2 This Council's Independent Remuneration Panel, comprising of four representatives drawn from the business and voluntary sector, met on two occasions in the autumn 2017. At one of these meetings, it met with a number of Councillors, who held a cross section of positions, and also considered the results of a survey undertaken amongst Councillors.
- 8.3 The relevant legislation allows for a Scheme of Members' Allowances to make provision for an annual adjustment in the level of allowances by reference to an index.
- 8.4 The Panel therefore considered a comparator of 9 local authorities (including Exeter) which were either of a similar nature to Exeter, or were neighbouring authorities with whom the Council undertakes some partnership working.
- 8.5 Within these comparisons, the Panel made particular reference to the members' allowance payable per resident, which, before the proposed increase is taken into account, was calculated at £1.55 per Exeter resident, compared to an average of £1.87 for the 9 authorities in the comparator group. More details of the comparators used are set out in Appendix A to this report. This comparator was felt to be an appropriate method to be used for the calculation of a suitable basic allowance.
- 8.6 In real terms that equated to a 20.6% difference between the average amount and that currently paid by the City Council. The Panel felt that this was inappropriate and showed that the small (or no) increases in recent years in Members' Allowances, had led to the City Council's allowance falling well behind those of similar or neighbouring authorities.

- 8.7 The Panel felt that this position should be rectified, but recognised that an immediate increase of 20.6% may appear unacceptable in one year so has suggested that this increase be spread evenly over the next three financial years. This would equate to an increase of £350 per member per annum in each of the next three years.
- 8.8 This would ultimately bring the basic allowance up to £6,100 per annum by the 2020/21 financial year – a sum which the Panel felt was appropriate when considering the level of time commitment given by Members in a vibrant and forward thinking City.
- 8.9 The Panel also gave careful consideration to the current multipliers applied to the Basic Allowance for those positions where a Special Responsibility Allowance (SRA) was payable. Two particular issues were brought to its attention:-
- the relative difference in workload when comparing Portfolio Holders to Chairs of the three Scrutiny Committees;
 - the new positions of Member Champions and whether an SRA should be payable for these positions.
- 8.10 Whilst the Panel recognised that the role of Portfolio Holder was one which had grown considerably over the past few years, it felt that the multiplying factor applicable to that level of SRA payable to holders of those positions, was appropriate, and should therefore remain.
- 8.11 It also carefully considered the position of the three Scrutiny Chairs and their relative workloads in comparison to that of Portfolio Holders and other committee chairs. The Panel was initially mindful, on this basis alone, to consider a slight reduction in the SRA payable to Scrutiny Chairs.
- 8.12 However, it recognised that by doing so, it could be considered to be devaluing the role of Scrutiny in the authority. This was felt to be an inappropriate step and would undermine the important role that Scrutiny plays within the authority, and in particular in keeping the Executive to account. It therefore decided to keep the multiplier for the SRA the same as previously.
- 8.13 The Panel also considered the position of Member Champions – a recently new role which supported (primarily) Executive members with specific topics on very much a task and finish basis. To this end, it felt that recognition should be given for the additional workload attributable to the role of Member Champion and considered that an SRA of 0.25 of the Basic Allowance would be applicable. Such an allowance would only be payable during the life span of the particular task, and would be pro-rata for part-yearly terms.
- 8.14 This would currently add an additional four SRAs to the Members' Allowances Scheme.
- 8.15 Bearing the above in mind, the Panel was also mindful that by recommending the payment of an SRA for the current four Member Champions, it would potentially mean that 22 of the 39 councillors (or 56%) would be receiving some form of SRA. This it felt was inappropriate, and agreed the principle that no more than 50% of the councillors should receive an SRA.

- 8.15 Having said this, it was recognised that the Lord Mayor and Deputy Lord Mayor's allowances were governed by different legislation to those for all other allowances, and that the Council had long maintained the principle that no Councillor should be able to receive more than one SRA. When these factors were taken into account, this reduced the overall number of Councillors currently receiving an SRA to 18 (or 46%).
- 8.16 The Panel was also asked to give a view on the appropriateness of offering an allowance in respect of membership to two other bodies, these being the Performance Scrutiny Panel and the HRA Management Board – both of which would fall under the Housing Revenue Account.
- 8.17 The Performance Scrutiny Panel comprises of a number of Council tenants who are asked to meet to discuss matters of interest and/or concern for tenants, and to offer ways to improve the service. Whilst the Panel recognised that this is done on a voluntary basis, it heard advice from officers that it was felt appropriate for a small recognition to be offered when encouraging tenants to put themselves forward to serve on this. It was felt that £10 per meeting would be appropriate. This would be payable in High Street vouchers so as to ensure that any payments received would not impact on any tenants' benefit eligibility.
- 8.18 The Council is currently considering the possibility of setting up an HRA Management Board. Membership of this would hopefully include leading housing professionals who would critically look at the performance of the Housing Revenue Account and all its functions, and again offer areas for improvement.
- 8.19 The Panel noted that internal discussions within the Council were currently on-going as to where in the Council's governance arrangements this body would sit (i.e. reporting direct to the Executive or via a Scrutiny Committee). As such, it was difficult to gauge the level of responsibility this body may have, and consequentially an appropriate level at which to set any allowances for its members, and its Chair.
- 8.20 It was therefore felt appropriate to agree that the principle of a payment should be set now, and that once the governance arrangements of the HRA Management Board was settled, the Panel be asked to consider the appropriate levels of remuneration and recommend the Council accordingly. It was noted that any payments would be met by the Housing Revenue Account. The Panel further confirmed that if the Chair of this HRA Management Board was an elected Councillor, who was already in receipt of a Special Responsibility Allowance, then only the higher of their two SRA's would be payable.
- 8.21 In addition, the Panel considered the matter of performance measurement, particularly in relation to the levels of responsibility associated with the various roles held by Members.
- 8.22 As such, the Panel welcomed Exeter City Council's commitment to the principles of the Member Charter, as demonstrated in its achievement of Member Charter Plus award. As part of the commitment to member development, the Panel is aware that Exeter City Council encourages the use of Personal Development Plans. As part of these discussions around PIPs, the Panel encourages Leaders within the City Council, to be particularly mindful of the need to ensure that Members in respect of SRAs have identified any support they require to undertake their responsibilities to a high standard.

8.23 Finally, the Panel recognises that the work of City Councillors is constantly changing and vastly different to that of a few years ago. The level of decisions being asked of them, together with the time commitments they need to make, are of a demanding nature and often need a detailed knowledge of the issues before them. The Panel is of the view that notwithstanding the recommendations it is putting forward in this report, a detailed review of the way in which councillors are suitably recompensed for the skills required of them, whilst also recognising the public service element of their role, should be undertaken for consideration as part of its next review (2018/19), with relevant national benchmarking being sought to assist with this.

9 How does the decision contribute to the Council's Corporate Plan?

9.1 The need for an up to date Scheme of Members' Allowances ensures that the Council supports the democratic process.

10 What risks are there and how can they be reduced

10.1 There are no risks with what is being proposed.

11 What is the impact of the decision on equality and diversity; health and wellbeing; safeguarding children, young people and vulnerable adults, community safety and the environment?

11.1 The adoption of a Scheme of Members' Allowances ensures that all interested persons are aware of the remuneration levels available to Councillors.

12 Are there any other options?

12.1 The Council has the ability to not accept any recommendations put forward by the Panel and propose some of its own.

DEREK PHILLIPS, CHAIR OF EXETER'S INDEPENDENT REMUNERATION PANEL

Local Government (Access to Information) Act 1972 (as amended)

Background papers used in compiling this report:-

None