

ARUN DISTRICT COUNCIL

REPORT TO AND DECISION OF THE SPECIAL AUDIT & GOVERNANCE COMMITTEE ON 2 JULY 2019

PART A : REPORT

SUBJECT: Eighth Review of the Members' Allowances Scheme – Report of the Independent Remuneration Panel

REPORT AUTHOR: Jane Fulton – Committee Services Manager
DATE: 10 June 2019
EXTN: 01903 737611
PORTFOLIO AREA: Corporate Support

EXECUTIVE SUMMARY: To consider the revised report of the Independent Remuneration Panel on its eighth review of the Members' Allowances Scheme.

RECOMMENDATIONS:

The Committee is asked to:

- (1) Consider the revised report and recommendations of the Council's Independent Remuneration Panel, together with the financial appraisal set out in Paragraph 7.2 and make any recommendations for a new scheme to Full Council on 17 July 2019; and
- (2) Pay particular attention to the Recommendations in the Panel's report regarding the Carers Allowance and that if adopted, take up will need to be kept under review.

1. BACKGROUND AND PROPOSALS:

- 1.0 Councils are required to establish and maintain an Independent Remuneration Panel (IRP), the purpose of which is to make recommendations to the local authority about the allowances to be paid to its Councillors. The Regulations require the Council to have regard to the recommendations made to it by an IRP before it agrees or amends its Members' Allowances Scheme (Regulation 19.1).
- 2.0 The District Council's scheme has been in place for nearly six years and was based on a mid-range of allowances at comparable local authorities at the time. The last review was undertaken in 2015, post the District Elections, and following consultation with Group Leaders, the recommendations of the IRP were not presented to the Council. Instead, Group Leaders confirmed that the next review should be undertaken and concluded ahead of the 2 May 2019 District Elections.
- 3.0 The IRP presented its review of the Members' Allowances scheme to this Committee on 14 February 2019. The Committee supported Recommendations 1 to 7. Concern was expressed in relation to the following recommendations:

- Licensing Committee Chairman and Vice-Chairman (Recommendation 8)
- SRA for Members of the Licensing Committee (Recommendation 9)

4.0 Recommendations 10 to 19 were supported by the Committee. Concern however was expressed in relation to Recommendation 20:

- Carers Allowances – it was agreed that the full budget implications should be considered.

4.2 In view of the concerns expressed by the Committee, it was agreed that the report of the IRP on its eighth review of the Members Allowances Scheme be deferred to enable the Panel to undertake further work on Recommendations (8), (9) and (20) with a revised report being submitted to this meeting allowing recommendations to be considered by Full Council on 17 July 2019.

5.0 The revised report has now been received from the Panel and can be viewed at Appendix 1.

6.0 It is timely for a revised scheme to be considered by the Council as the allowances rates for Councillors have not been reviewed since 2013.

7.0 **Issues and Budget Summary**

7.1 There are budgetary issues to consider in relation to the following recommendations:

- The Basic Allowance – in setting the Budget for 2019/20, as BA is linked to Officer pay awards, the 2% increase added to the BA on 1 April 2019 had already been built into the Budget. If Members choose to agree the Panel's recommendation that the existing uplifts in BA continue to be increased in line with Officer pay, then the appropriate funding will need to be built into the Budget for 2020/21.
- The IRP recommends changes to the amounts of Special Responsibility Allowances (SRAs) in respect of:
 - Leader of the Council
 - Chairman – Development Control Committee
 - Vice-Chairman – Development Control Committee
 - Named Substitutes – Development Control Committee to now receive an SRA of £300 per year
 - Chairman – Licensing Committee
 - Vice-Chairman – Licensing
 - Named Substitute – Licensing Committee – that the SRA for being a Member of the Committee be abolished
 - Co-opted witnesses allowance be increased from £50 to £60 –
 - Chairman – Standards Committee
 - Independent Persons of the Standards Committee – each Independent Person [2 at the moment] to receive equal share of an allowance of £1,400

- Leader of Opposition and Minority Groups – An SRA of £100 per Member be paid to the Leader of any other Opposition Group with three or more Members
- Co-Opted Members and Witnesses to Committees and Panels – allowances to increase from £50 to £60.
- Carers Allowance – in view of the Panel’s proposal to introduce an annual limit of £4,000 for childcare and £6,000 for adultcare that any Member would be entitled to claim, this has potential budgetary implications. It is not known at this early stage in this new administration what the demand may be for claiming these allowances. There is concern with regard to the take-up of this allowance and that this could prove to be expensive and therefore require a supplementary estimate later in the year. This will be monitored closely over the next few months as it is not possible to identify a budget at this stage.
- Future Increases in Allowances – The 2003 Regulations include provision for schemes to be index-linked and this is a common approach across many Councils. The Panel recommends that all SRAs should from 1 April 2020 be linked to Officer pay. There will be a need to build this additional cost into the Budget for 2020/21 – assuming that the staff pay increase will be in the region of 2% this represents a cost in excess of £2,000.
- Travel and Subsistence – it needs to be said that with a new administration it cannot be assumed that the trending underspends will still apply. Any changes in claims will need to be kept closely monitored.

7.2 A table setting out the Members’ Allowances Budget and impact of the IRPs proposed recommendations can be found below:-

<u>Budget</u>	<u>No of Cllrs</u>	<u>Single [Now]</u>	<u>Budget 2019/20</u>	<u>Single [Prop]</u>	<u>Rec</u>	<u>Change</u>
Basic Allowance	54	£5,481	£295,974	£5,481	£295,974	0
<u>SRAs</u>						
Leader	1	£14,196	£14,196	£16,122	£16,122	£+1,926
Chairman Development Control	1	£6,000	£6,000	£7,500	£7,500	£+1,500
Vice-Chairman Development Control	1	£1,980	£1,908	£2,500	£2,500	£ +520
Substitutes – Development Control	5	0	0	£ 300	£1,500	£+1,500
Chairman –	1	£4,000	£4,000	£1,500	£1,500	£-2,500

Licensing							
Vice-Chairman Licensing	1	£1,200	£1,200	£ 600	£ 600	£ -600	
Member – Licensing	13	£ 250	£3,250	0	0	£-3,250	
Chairman – Standards	1	£1,500	£1,500	£1,000	£1,000	£-500	
Independent Persons	2			£720	£1,440	£+1,440	
Minority Groups	1	0	0	£700	£700	£ +700	

7.3 The Special Responsibility Allowance total for 2019/20 is £120,323. The Panel's recommendations, if accepted, represent an increase in budget of £736, totalling £121,059.

8.0 Overall cost of Allowances and Expenses

8.1 The Panel has stated in its report that it is mindful and conscious that any Scheme proposed for allowances and expenses must be appropriate for the Council and affordable in relation to budget provision.

8.2 It has set out the financial effect of its recommendations in a table at the end of its report but this does not truly represent the financial effect of its recommendations if Members choose to take up full entitlement in respect of the childcare and adultcare allowance.

8.3 The overall financial effect of the IRP's recommendations compared with the Budget for 2019/20 represents an increase of £736. Having consulted with the Council's Finance Team it is recommended that this increase is found from within the Committee Services budget.

2. PROPOSAL(S): The Committee is asked to:

- (1) Consider the revised report and recommendations of the Council's Independent Remuneration Panel, together with the financial appraisal set out in Paragraph 7.2 and make any recommendations for a new scheme to Full Council on 17 July 2019; and
- (2) Pay particular attention to the Recommendations in the Panel's report regarding the Carers Allowance and that if adopted, take up will need to be kept under review.

3. OPTIONS: The Committee may:

- (1) accept the IRP's recommendations as set out in its report at Appendix 1;
- (2) recommend alternatives to the IRP's recommendations, but should state its reasons for doing so; or
- (3) recommend to not continue with the review at this stage.

4. CONSULTATION: No formal consultation is required although the IRP consulted Members during the course of their work, as explained in their report.

Has consultation been undertaken with:

YES

NO

Relevant Town/Parish Council – Notification of the review was given to each Town and Parish Council within the District. No specific matters were raised in response to the payment of Basic Allowance for Town and Parish Council Members.	x	
Relevant District Ward Councillors – all Members of the Council were given the opportunity to be interviewed by the Panel	x	
Other groups/persons (please specify) – Group Leaders were consulted prior to the meeting of the Audit & Governance Committee on 14 February 2019 and prior to this Special Meeting of the Committee.	x	
5. ARE THERE ANY IMPLICATIONS IN RELATION TO THE FOLLOWING COUNCIL POLICIES: (Explain in more detail at 6 below)	YES	NO
Financial	x	
Legal		X
Human Rights/Equality Impact Assessment		X
Community Safety including Section 17 of Crime & Disorder Act		X
Sustainability		X
Asset Management/Property/Land		X
Technology	x	
Other (please explain)		
<p>6. IMPLICATIONS: The Council is obliged by statute to have regard to the recommendations of its Independent Remuneration Panel before it adopts a new Members' Allowances Scheme and this obligation is met by considering the recommendations set out in the Panel's report.</p> <p>The Council needs to take into account the impact on council taxpayers and staff.</p>		
<p>7. REASON FOR THE DECISION: To comply with the Local Authorities (Members' Allowances) (England) Regulations 2003.</p>		
<p>9. BACKGROUND PAPERS:</p> <p>(i) The report of the Independent Remuneration Panel (Appendix 1) and the documents referred to in that report.</p> <p>(ii) The report and minutes from the meeting of the Audit & Governance Committee held on 14 February 2019 – to access these papers, please click on this link – Audit & Governance Committee – 14 February 2019</p> <p>(ii) Local Authorities (Members' Allowances) (England) Regulations 2003 – to access these papers, please click on this link http://www.legislation.gov.uk/uksi/2003/1021/contents/made</p>		