

Report to the Council

Subject: Members' Allowances Scheme – Annual Review 2016/17

Committee: Member Remuneration Panel

Date: 15 December 2015

Independent Member: Mr. S. Lye

RECOMMENDING:

Basic Allowance

- (1) That no change be made to the full amount of Basic Allowance of £4,300.00 per member per annum, currently included in the Members' Allowances Scheme;**
- (2) That the Council consider and agree the level of implementation of the Basic Allowance for the 2016/17 municipal year;**
- (3) That in formulating future budgets, the Council be encouraged to increase the level of implementation of the Basic Allowance to achieve the full amount of £4,300.00 as soon as possible;**

Special Responsibility Allowance

- (4) That, with effect from the the commencement of the 2016/17 municipal year:**
 - (a) a Special Responsibility Allowance of £500.00 be applied to the position of the Chairman of the Licensing Committee;**
 - (b) the Special Responsibility Allowance currently applied to the position of the Chairmen of the six Licensing Sub-Committees be calculated on the basis of an allocation of the allowance according to the number of meetings chaired each year, as set out in Paragraph 17 of this report, so as to more accurately reflect the actual responsibilities involved in chairing meetings of the Sub-Committees; and**
 - (c) the Special Responsibility Allowance currently applied to the position of the Chairman of the Constitution Working Group, be reduced to £500.00;**
- (5) That no other changes be made to the application of Special Responsibility Allowances currently included in the Members' Allowances Scheme;**

Child Care and Dependent Carers Allowance

- (6) That, with effect from the the commencement of the 2016/17 municipal year, the Child Care and Dependents Carers' Allowance element of the Members' Allowances Scheme be based on the prevailing rate of the National Living Wage; and**

Revised Scheme and Guidance

(7) That, subject to the above recommendations, the Members' Allowances Scheme and Guidance for 2016/17 attached as an appendix to this report be adopted and implemented with effect from 26 May 2016.

1. The Member Remuneration Panel was established in accordance with the Local Authorities (Members' Allowances) (England) Regulations 2003. These regulations, which arose out of relevant provisions of the Local Government Act 2000, require all local authorities to set up and maintain an advisory independent Remuneration Panel to review and provide advice on Members' allowances. All Councils are required to convene their Panel and seek its advice before making any changes or amendments to allowances schemes and must 'pay regard' to the Panel's recommendations before setting a new or amended Members' Allowances Scheme.

2. The current members of the Remuneration Panel are Mr. D. Jackman, Ms. R. Kelly and Mr. S. Lye. This report will be presented by Stephen Lye on behalf of the Panel.

Members' Allowances Scheme

3. The last review of the Members' Allowances Scheme undertaken by the Panel covered all aspects of the Scheme and our recommendations were agreed by the Council in April 2015. We have recently undertaken a further review of the Members' Allowances Scheme for 2016/17, in order that any proposals for changes to members' allowances can be considered by the Council as part of the budget-setting process for the forthcoming year.

4. As in previous years, we were keen to hear the views of members about how the current scheme is working and whether there might be specific issues or proposals that the Panel should address. As part of the review, the Democratic Services Manager placed an item in the Council Bulletin inviting councillors to raise issues or concerns about the current scheme that they wished us to consider. A submission was made by one councillor, the issues from which we have considered as part of our review of the Members' Allowances Scheme.

Basic Allowance

5. All local authorities must make provision for a flat-rate allowance to be payable to all Members. This 'Basic Allowance' is payable equally to all Councillors and is designed to cover member activities such as constituency casework, preparation for and attendance at meetings of the Council's committees etc. and service as the representative of the authority on outside bodies for which no separate remuneration is made.

6. The Council has previously adopted our recommendation that a Basic Allowance of £4,300.00 be made for each member per annum. In the current economic climate, the Panel is not minded to recommend any changes to the Basic Allowance element of Members' Allowances Scheme at this time, although we will revisit this issue as part of our review of the Scheme for 2017/18.

7. However, the Council has decided not to implement payment of the full Basic Allowance amount and to restrict this to (currently) £3,435.00 per member per annum, which represents 80% of the Basic Allowance. Although we have regularly encouraged the Council to implement payment of the full amount of the Basic Allowance, it has consistently decided not to do so.

8. On our behalf, the Director of Governance has undertaken benchmarking in respect of the level of Basic Allowance amongst other similar local authorities and the district councils in Essex. Whilst we appreciate that such comparisons should be treated with caution as they cannot necessarily be made on a like-for-like basis, the Council's implemented level of Basic Allowance (£3,435.00) remains amongst the lowest of those authorities for which data was obtained. The average Basic Allowance applied amongst those authorities that participated in

the benchmarking exercise is £4,824.89, which suggests that the Council's application of Basic Allowance is continuing to fall behind that of comparable authorities. We have included illustrations of the results of the benchmarking exercise undertaken by the Director of Governance within this report.

9. Implementation of a Basic Allowance payment at less than the sum provided in an adopted Members Allowances Scheme is unusual and we believe that this approach may be unique to the Council. We would reiterate the comments that that we have made in previous years that, by paying a relatively low level of Basic Allowance, we believe that there is a danger of undervaluing the role of councillors, which could make it more difficult to attract potential candidates to stand for election in future. This might also lead to public perception that current councillors are not worthy of receiving the full amount.

10. The Panel appreciates that implementation is a matter for the Council to determine and that there is a need for restraint in setting the authority's budget and achieving savings. We also understand that additional budget provision would need to be secured in order to increase the implementation of the Basic Allowance, notwithstanding that one of our recommendations actually proposes a significant reduction in one aspect of Special Responsibility Allowance (Paragraph 20). We therefore remain of the view that the level of implementation of the Basic Allowance should be increased on a full or phased basis as soon as possible.

11. Subject to our views in this regard, we recommend that the Council consider and agree the level of implementation of the Basic Allowance for the 2016/17 municipal year.

Special Responsibility Allowance

12. Each local authority may also make provision in its Members' Allowances Scheme for the payment of Special Responsibility Allowances (SRA), for those Councillors who have significant responsibilities.

13. As with the Basic Allowance, the Council has decided not to implement payment of full SRA amounts and to restrict these to a percentage of the amount set out in the Members' Allowances Scheme. The current Scheme provides that Members may receive more than one SRA if they hold more than one relevant position. We have reviewed the current SRA position in relation to a number of specific member bodies as follows:

Licensing Committee

14. The Council establishes a Licensing Committee for each municipal year, to exercise the policy functions of the authority in relation to a range of licensing, registration, permit and consent functions. Although the Members' Allowances Scheme does not currently provide for an SRA to be applied to the position of the Chairman of the Licensing Committee (because at the outset of the new licensing arrangements in 2005 it was assumed this would be a shared responsibility between the chairmen of the separate Licensing Sub-Committees), we consider that such SRA would now be appropriate, given the importance of the functions handled by the Chairman of the Licensing Committee.

15. The Licensing Committee traditionally only meets twice in each year and the Panel considers that an SRA of £500.00 per annum would be appropriate in this regard, to reflect the licensing policy responsibilities of the Committee and the knowledge and experience required of its chairman. We propose that this amount be met from the total SRA of £2,362.00 that is currently implemented for the Chairmen of the Licensing Sub-Committees. The application of this additional SRA can be contained within existing budget provision for members' allowances, if the recommendations set out in this report are adopted.

Licensing Sub-Committees

16. The Council will be aware that, for each municipal year, it also establishes six Licensing

Sub-Committees and appoints six members as chairmen of these sub-committees. The Sub-Committees deal with specific licensing applications under delegation from the Licensing Committee. The Members' Allowances Scheme currently provides for the implementation of a total annual SRA of £2,362.00 to be divided equally between the six appointed chairmen of the sub-committees (£394.00 each).

17. We have considered an analysis of the frequency with which the six members appointed by the Council as chairmen of the Licensing Sub-Committees, have chaired meetings of the sub-committees over the last two-years (and during 2015/16 to date). Whilst this suggests that meetings of the sub-committees are not necessarily chaired on an equal basis by the six appointed chairman, we fully appreciate that meetings of the sub-committees are often held on an ad-hoc basis and with regard to prescriptive timescales for the consideration of licensing matters, and that the chairmanship of meetings is often therefore dictated by the availability of individual members to attend meetings of a sub-committee at short notice.

18. However, in order to ensure equity, we consider that SRA for the position of the chairmen of the Licensing Sub-Committees should in future, be made on the basis of payment to members that actually chair meetings, rather than as a fixed annual allocation of one-sixth of the total SRA amount each. The 'new' SRA of £500.00 that we are proposing be applied to the position of the Chairman of the Licensing Committee would be met from the total implemented annual SRA of £2,362.00 for the Licensing Sub-Committees, leaving an amount of £1,862.00 to be allocated as SRA to those members that chair meetings of the sub-committees during each year. We propose that this SRA be calculated on the basis of the division of £1,862.00 by the total number of meetings of the Sub-Committees held each year. The resultant SRA for each meeting would then be multiplied for each relevant member according to the number of those meetings at which they had acted as chairman. We consider that this approach will more accurately reflect the actual responsibilities involved in chairing meetings of the sub-committees.

19. If this proposal is agreed, actual payment of the SRA will only be able to be made towards year-end. This approach to the future payment of SRA for the chairmen of the six Licensing Sub-Committees will be contained within the current SRA provision and the overall budget for members' allowances.

Constitution Working Group

20. The Council will be aware that the Constitution Working Group is currently undertaking a root and branch review of the constitution, which it is anticipated will be completed by the end of March 2016. The review of the constitution is an important and complex piece of work and an SRA of £2,150.00 is currently applied to the position of the Chairman of the Working Group.

21. As it is likely that, on completion of its review of the constitution, the Working Group will only need to meet as occasionally necessary thereafter to consider specific constitutional issues, we consider that the level of SRA applied to the position of the Chairman of the Working Group should be reduced to £500.00 (from £2,150.00) per annum with effect from the commencement of the 2016/17 municipal year.

22. This approach to the future payment of SRA for the chairmen of the Constitution Working Group will result in a reduction in the overall budget requirement for members' allowances.

Child Care and Dependent Carers Allowance

23. The Local Authorities (Members' Allowances) (England) Regulations 2003 provide for a Members Allowances Scheme to make payment, to members of an authority, of an allowance (Dependents' Carers' Allowance) in respect of expenses, incurred in arranging for the care of children or dependents, as are necessarily incurred in undertaking approved

duties.

24. We have reviewed the Child Care and Dependent Carers Allowance element of the Member Remuneration Scheme, to ensure that application of the allowance reflects current best practice. The Regulations do not prescribe any basis for the calculation of such allowance, although the results of the Basic Allowance and SRA benchmarking undertaken with other local authorities, suggests that most apply such allowance at the prevailing rate of the National Minimum Wage (currently £6.70 per hour).

25. Other approaches are however available for the calculation of Child Care and Dependents' Carers' Allowance. Whilst the Council could determine its own bespoke level of such allowance, we consider that the allowance should in future be based on the prevailing rate of the National Living Wage to be introduced in April 2016, which will commence at £7.20 per hour. Although this proposal represents an increase in the level of the Child Care and Dependents' Carers' Allowance, we have been advised that until very recently, the allowance has never been claimed. This proposal is therefore unlikely to have any particular budgetary implications at the present time.

Recommendations

26. In the light of the ongoing economic situation, we consider that no changes should be made to the level of the Basic Allowance made to members of the Council for 2016/17. We also consider that no changes should be made to the Special Responsibility Allowances applied to various member positions, other than as reflected in this report, as we understand that there has been no change in responsibilities since our last review.

27. We have not considered any changes to other elements of the Members' Allowances Scheme, such as travel and subsistence allowances etc., which are paid at levels that also apply to officers of the Council and are subject to national application.

28. The proposals set out in this report will require minor amendments to be made to the Members' Allowances Scheme. The Director of Governance has also implemented drafting changes to the Scheme to reflect the current position in respect of pensionable status and the Council's current operational and management structure.

29. The draft revised Members' Allowances Scheme for the 2016/17 municipal year, incorporating the recommendations contained within this report, is attached as Appendix 1.

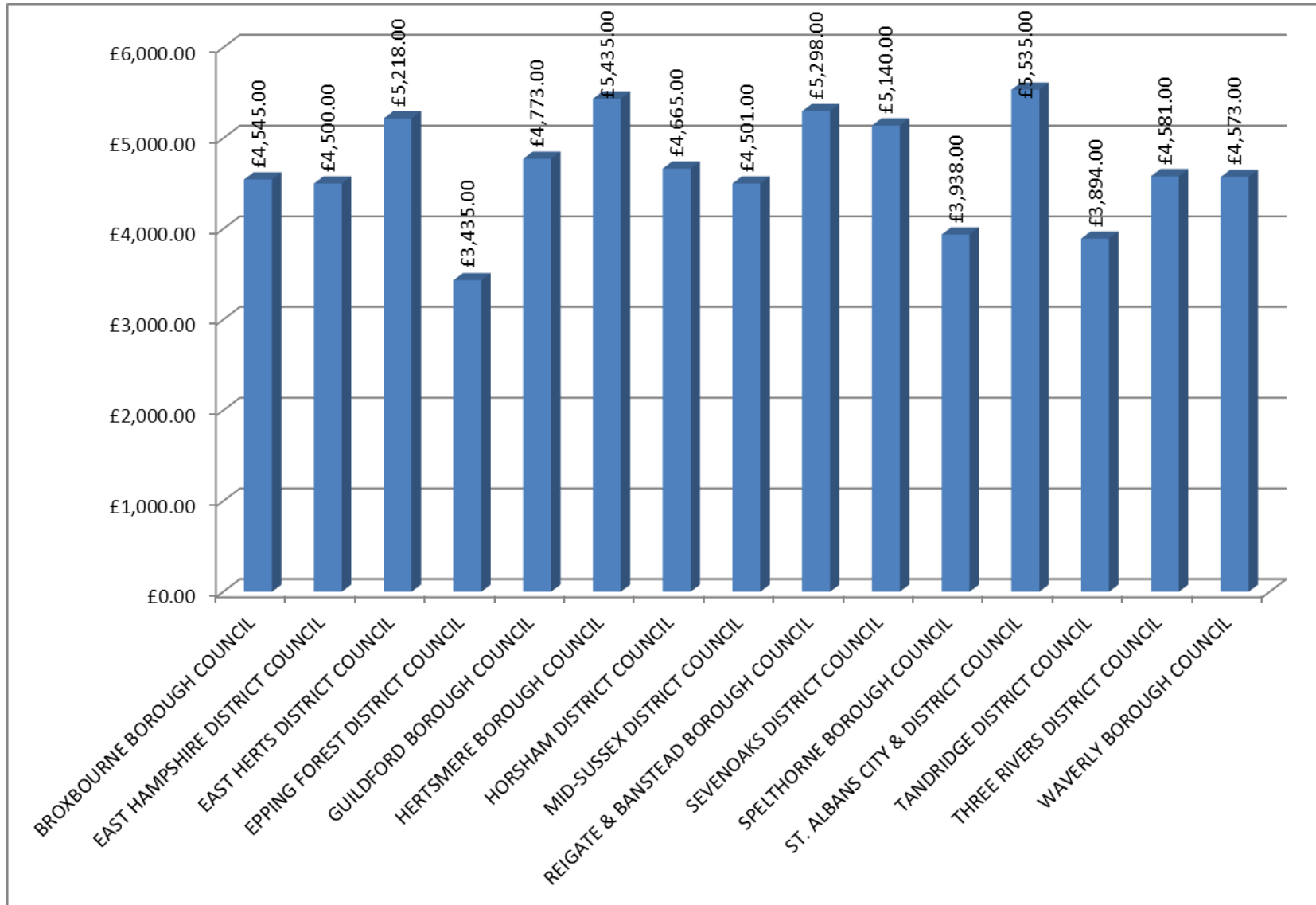
30. We have prepared the attached Statement of Implementation (based on the assumption that the Council will not increase the implementation rate of the Basic Allowance or any Special Responsibility Allowance other than as reflected in this report) for publication on the Council's website. The format of the statement has been slightly revised, so as to illustrate the operation of the Members' Allowances Scheme, in terms of the implementation of Basic and Special Responsibility Allowances as proportions of the amounts provided in the Scheme, as we feel that this approach is not always fully understood or entirely transparent.

31. We recommend as set out at the commencement of this report.

D. Jackman
R. Kelly
S. Lye

Independent Remuneration Panel
November 2015

BASIC ALLOWANCE – FAMILY GROUP AUTHORITY BENCHMARKING (NOVEMBER 2015)



BASIC ALLOWANCE – ESSEX LOCAL AUTHORITY BENCHMARKING (NOVEMBER 2015)

