

Members' Allowances Scheme – Recommendations of the Independent Review Panel

Report of the Corporate Portfolio Holder

Recommended:

- 1. That the Independent review panel's report, attached as Annex 1 to the report, be noted.**
- 2. That the following recommendations be considered and if accepted that these take effect from 7 May 2021.**
- 3. That payment of the Basic Allowance and Special Responsibility Allowances (SRA) be paid as set out at Annex 2.**
- 4. That in view of the increases payable from May 2021 set out at Annex 2 to the report, the indexation increases due to the Basic and Special Responsibility Allowances under the previous allowances scheme on 1 April 2021 shall not be applied.**
- 5. No member of the Council shall receive more than one SRA.**
- 6. If a Councillor is unable to undertake all more most of the duties covered by an SRA for a continuous period of one calendar month or more because of illness, the provision in the Members Allowances Regulations to adjust the allowance payable to that Councillor pro rata to the proportion of the year for which the special responsibilities have not been undertaken will be applied. A Councillor who takes on the duties covered by an SRA for a continuous period of one month or more, when another Councillor is ill, absent or unavailable for other reasons shall be entitled to receive the SRA pro rata for the period in question.**
- 7. A Child Care and Dependent Carer's Scheme will be available, which:**
 - a. Makes payment towards the costs necessarily incurred by a Councillor in engaging a carer to look after children or dependents who live at the same address as the Councillor, when the Councillor is absent from home undertaking any of the duties set out in Regulation 7 of the Local Authorities (Members' Allowances) (England) Regulations 2003.**
 - b. Provides an hourly payment in line with actual costs incurred by the Councillor in purchasing the care, up to a maximum of £13.26 per hour (subject to any CPI-based adjustment in April 2021).**
 - c. Precludes any payment if the caring is undertaken by a member of the Councillor's own immediate family (e.g. spouse, partner, older child or grandparent).**
 - d. Limits the maximum level of payment in any one week to a maximum of 8 hours or the duration of 2 hours (whichever is the lesser period).**

8. Travel and subsistence allowances will be paid in respect of the same “approved duties” as in the Council’s previous arrangements for such allowances.
9. Subsistence allowances will be paid to cover the costs actually incurred by Councillors, but not exceeding the following rates (subject to any CPI-based adjustment in April 2021):
 - a. Daytime (more than four hours away, ending before 7pm): £7.23
 - b. Evening (more than four hours away, ending after 7pm): £12.66
10. The following rates of travel allowance will be paid:
 - a. Use of member’s own car: 45p per mile (all engine sizes)
 - b. Use of member’s own motorcycle: 24p per mile (all engine sizes)
 - c. Use of member’s own bicycle: 20p per mile
 - d. Payment for carrying passengers: 5p per passenger per mile.

The above rates will be kept in line with HMRC’s assessment of “per mile” operating costs.

11. Reimbursement of the costs for rail travel will be paid, but restricted to the appropriate class other than first class.
12. Payments will be made to any co-opted members of the same travel and subsistence allowances which apply to Councillors in respect of attendance at meetings etc. plus any reasonable out of pocket expenses incurred, subject to the approval of the Head of Legal and Democratic Services.
13. All the above allowances and allowance rates, other than the rates of travel allowance, will be indexed as follows:
 - a. In the case of the Basic and Special Responsibility Allowances an increase on 1 April 2022 of the same percentage as the increase/decrease in the Consumer Prices Index for the preceding September; and increases/decreases thereafter on the 1 April each year by the same percentage as the increase/decrease in the Consumer Prices Index for the preceding September
 - b. In the case of the allowance rates, an increase on 1 April 2021 of the same percentage as the Consumer Prices index for September 2020; and increases/decreases thereafter on 1 April each year by the same percentage as the increase/decrease in the Consumer Prices Index for the preceding September.
14. All allowances will be withheld or recovered from any Councillor who is suspended or disqualified.
15. The attendance records of members at meetings will be published on the Council’s website.

16. **A full review of all allowances by the Independent Review Panel will be undertaken in the Summer or Autumn of 2024 with a view to recommending a revised allowance scheme for implementation from May 2025), unless members wish allowances to be reviewed again at an earlier stage, or there are changes in the Council's organisation or structure which require an earlier review of the current scheme.**
17. **The Borough Council is also recommended to set its Mayoral and Deputy Mayoral Allowances for 2021/22 at £16,500 and £6,050 respectively, with these allowances being increased on 1 April 2022 by the same percentage as the increase in the Consumer Prices Index for the preceding September; and increased thereafter on the 1 April each year by the same percentage as the increase in the Consumer Prices index for the preceding September.**

SUMMARY:

- The Independent Review panel consisting of Mr Steve Vale, Mr Trevor Cox and Mr Michael Cronin met on the 26 and 27 October 2020 to recommend a new scheme of allowances to be effective from 7 May 2021.
- The recommendations of the Independent Review Panel are set out in the report attached at Annex 1.

1 Introduction

- 1.1 Council at its meeting on 23 January 2019 resolved (upon considering the report of the Independent Review Panel of October 2018) that the Scheme of Members' Allowances adopted by the Council on 17 December 2014 would operate unchanged to May 2021 and that the Independent Remuneration (Review) Panel would meet in Autumn 2020 and recommend a new four-year scheme for adoption from May 2021.

2 Background

- 2.1 The Local Authorities (Members' Allowances) (England) Regulations 2003 provides for each Local Authority to decide its own scheme and the amounts to be paid under that scheme.
- 2.2 Councils are required to establish and maintain an Independent Remuneration Panel to provide the Council with advice on its Members' Allowances Scheme and the amounts to be paid. The Panel was also asked to examine the current allowances paid to the Mayor and Deputy Mayor to cover their expenses and to recommend the future level of these allowances.
- 2.3 The Panel met on 26 and 27 October 2020 and comprised Mr Trevor Cox, Mr Michael Cronin and Mr Steve Vale who chaired the Panel.

3 Independent Remuneration/Review Panel's Report.

- 3.1 The Panel's report sets out the summary of the main recommendations along with a detailed commentary and explanation of the basis for its recommendations and is attached to this report at Annex 1.

- 3.2 Having heard evidence from members, both in person and via a questionnaire, the Panel concluded that a new, higher figure of eighteen and a half hours per week should be used in calculating the Basic Allowance, 55% of which should be remunerated at the average hourly wage in the local economy, resulting in a 5% increase on the current (2020) basic allowance in May 2021.
- 3.3 The Panel concluded that, for the most part, the current provision of SRAs both in terms of allocation of roles and amount of SRA were supported. However an increase in the Leader and Deputy Leader's SRAs are recommended for the reasons set out in the IRP report and a decrease in the SRA payable to the Chair of the Council's Licensing Committee.
- 3.4 Retention of the 'no more than one SRA per member' rule is recommended.
- 3.5 The pro-rata payment of an SRA to where a member is prevented from undertaking their special responsibilities for a period exceeding for reasons other than illness is also recommended along with withholding payment of allowances to Councillors during periods of suspension or disqualification.
- 3.6 Continuation of payment of allowances for co-opted members, for travel, subsistence and childcare/dependents' allowances is recommended, indexed in line with the Consumer Prices Index aside from travel allowance whose indexation is recommended to continue in line with HMRC's recommendations for mileage payments.
- 3.7 Continued indexation of Basic and Special Responsibility Allowances is recommended but that indexation from May 2022 (no indexation is recommended for May 2021 given the proposed general increase from that date) should be calculated with reference to the Consumer Prices Index as opposed to the National Joint Council for Local Government Services.
- 3.8 The Panel was also asked to consider the issue of Mayoral and Deputy Mayoral Allowances and increases to each allowance and application of indexation (hitherto not applied) was recommended.

4 Consultations/Communications

- 4.1 A questionnaire survey was carried out with all Members and 29 out of 43 Members responded to the survey; a 67% response rate. A summary of the responses from the questionnaire is set out in the Panel's report.
- 4.2 The Panel met with five Members in person.

5 Options

- 5.1 Legislation requires the Council to *have regard to* the recommendations of the Independent Review Panel. However, the Council has the option to establish an alternative Scheme or to make changes to any of the recommendations of the Panel.

- 5.2 Accordingly, the options are to either (1) adopt a Scheme in accordance with the recommendations of the Independent Remuneration Panel, (2) adopt a Scheme other than that recommended by the Panel or to (3) reject the recommended scheme and approve no alternative.

6 Option Appraisal

- 6.1 It is a statutory requirement that the Member's Allowances Scheme is reviewed at least every four years. If no scheme is approved, no allowances can be properly paid from 7 May 2021. For that reason failing to adopt a Scheme for implementation from 7 May 2021 is not recommended. It is recommended that Council adopts a Scheme of Members' Allowances to take effect from 7 May 2021.

7 Risk Management

- 7.1 A risk management questionnaire has been completed and indicates that the report does not require a risk assessment because the changes and issues covered by this report are not significant in terms of risk or have been previously considered.

8 Resource Implications

- 8.1 The Head of Finance has received the recommendations of the Independent Remuneration Panel. The sum of £427,800 (based on the recommended scheme) is currently built into the 2021/22 Budget figures.

9 Legal Implications

- 9.1 As set out at paragraphs 5 and 6 above, if the Council wishes to maintain a Scheme of Members' Allowances from 7 May 2021, a Scheme must be approved before that date.

10 Equality Issues

- 11 An Equality Impact Assessment of the matters in this report is not required as no potential for unlawful discrimination and/or low level or minor negative impact have been identified.

12 Conclusion and reasons for recommendation

- 12.1 It is recommended that Council adopts a new Scheme of Allowances to come into effect from 7 May 2021.

Background Papers (Local Government Act 1972 Section 100D)

- Members Allowances' Scheme for Test Valley Borough Council – 8th Report by the Independent Advisory Panel October 2020

Confidentiality

It is considered that this report does not contain exempt information within the meaning of Schedule 12A of the Local Government Act 1972, as amended, and can be made public.

No of Annexes:	2	File Ref:	Not applicable
(Portfolio: Corporate) Councillor T Tasker			
Officer:	Karen Dunn	Ext:	8401
Report to:	Council	Date:	27 January 2021