

Members' Allowances Scheme – Recommendations of the Independent review Panel

Report of the Corporate Portfolio Holder

Recommended:

- 1. That the Scheme of Members' Allowances adopted by the Council on 28 January 2015 will operate unchanged from the period May 2019 to May 2021.**
- 2. That the Independent Remuneration Panel will meet in Autumn 2020 and recommend a new 4-year Scheme to apply from May 2021.**

SUMMARY:

- The current Members' Allowances Scheme was reviewed by an Independent Remuneration Panel in October 2018 who made recommendations for the Members' Allowance Scheme to take effect from May 2019.
- Council's approval of a Members' Allowance Scheme to operate from 2019 is required.
- The Panel recommended that the current scheme continue to operate unchanged (subject to indexation) from May 2019 to May 2021 and that a further review take place in the Autumn of 2020 with a view to recommending a new scheme to apply from May 2021.
- A Scheme in those terms is proposed to Council for approval.

1 Introduction

- 1.1 A review of Test Valley Borough Council's Members' Allowances Scheme by an Independent Remuneration Panel took place in October 2014. The recommendations of that review were adopted by full Council on 28 January 2015 resulting in the current Members' Allowances Scheme. The Scheme sets the rates payable for the various allowances and the mechanisms by which they are indexed annually.
- 1.2 The October 2014 report also recommended a review of allowances in summer/autumn 2018 to consider the Scheme of Allowances to take effect from May 2019.
- 1.3 The Independent Remuneration Panel met on 2 October 2018 and made recommendations which are reflected in the above recommendations to Council. A copy of the Panel's 2018 report appears at Annex 1.
- 1.4 A copy of the Panel's 2014 report appears at Annex 2 and the report, resolutions and minutes adopting the 2014 recommendations appear at

Annex 3. A copy of the current Members' Allowance Scheme appears at Annex 4.

- 1.5 Before the Council can approve a Scheme of Allowances it is required to have regard to the views and recommendations of its Independent Remuneration Panel.

2 Background

- 2.1 The Local Authorities (Members' Allowances) (England) Regulations 2003 provide for each Local Authority to decide its own scheme of allowances 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.

- 2.3 An Independent Remuneration Panel comprising of Trevor Cox (from the former "My Test Valley" Panel), Michael Cronin (Independent Person) and Steven Vale, Chair and HR Consultant was convened at Beech Hurst on 2 October 2018 to review the Members' Allowance Scheme. This is the same panel which carried out the 2014 review. Mr Vale has Chaired the previous four Independent Remuneration Panels.

2.4 Independent Remuneration Panel's Report

- 2.5 Usually, the Panel will recommend a Scheme which lasts for four years. The reason for this is that legislation does not permit reliance on an index for the purpose of annual adjustment for a period exceeding four years without further recommendation from an Independent Remuneration Panel.

- 2.6 The Panel's October 2018 report identified certain forthcoming changes which will be likely to have an impact on the scale and nature of the duties of elected Members, namely:

- a. the reduction in the number of elected members from 48 to 43 following the Local Government Boundary Commission's 2017 review taking effect in May 2019; meaning a reduced number of Members serving the same head of population; and
- b. the potential roll out to members of the 'paper-light' meetings regime which is currently the subject of a pilot. If fully rolled out, this scheme would result in the issue of i-pads to all Members on which agendas and supporting documentation would be available electronically and dispensing with hard copy agendas. The element of the Basic Allowance intended to cover the purchase of hardware and software to access the Council's IT systems and to cover telecommunications, printing and the like (previously the 'Communications Allowance') can be considered once any roll out is concluded and the impact fully understood.

- 2.7 The Independent Remuneration Panel found that they could not predict the impact of the above changes in a way that would enable them to recommend

a scheme which properly reflected the workloads and accountabilities of elected members in the light of those changes.

- 2.8 The Panel concluded that it would be sensible to recommend that the Members Allowances' Scheme should continue in its current form and at current levels (subject to indexation) from May 2019 to May 2021 to enable the changes to bed-in and the effects to become clear.
- 2.9 The Panel addressed their minds to whether it should recommend that the Scheme remain as currently for a period of one or two years. They noted that if a Panel were to meet in Summer/Autumn 2019 to recommend a scheme from April 2020, the above changes would only have been in place for six months or so which would not be long enough for the implications for Members to become apparent.
- 2.10 The Panel therefore concluded that meeting in Autumn 2020 to consider a new Scheme to take effect from May 2021 would be preferable as better evidence would be available at that time.
- 2.11 The Panel recommended as follows:
- a. The Scheme of Allowances adopted by the Council on 28 January 2015 (following the Panel's 6th report) should continue to operate unchanged for the period from May 2019 to May 2021.
 - b. For clarity, the indexation arrangements contained in that Scheme should continue to apply during the period May 2019 to May 2021 so that the Basic and Special Responsibility Allowances are increased in line with any overall percentage increases awarded to employees by the National Joint Council for Local Government Services during that period and other allowances are increased on 1 April in line with the Consumer Prices Index for the preceding September.
 - c. The Panel should meet again in the Autumn of 2020 to consider and recommend a new 4-year Scheme to apply from May 2021 and should be convened in the interim if necessary in the period from May 2019 to May 2021.
- 2.12 It should be noted that the current scheme provides that mileage allowances and passenger payments are paid in line with HMRC's assessment of "per mile" operating costs and would increase in line with any HMRC increase. It is proposed that this continues and this is encompassed in the recommendation that the Scheme approved on 28 January 2005 continues unchanged. This is highlighted for clarity since the recommendation at 2.11 b. above refers to "other allowances" being increased in line with CPI whereas Travel Allowance is not so increased under the current scheme.

3 Consultations/Communications

- 3.1 Members were advised via the Members Information Bulletin on 6 September 2018 of the intention to invite the Panel to carry out an interim (as opposed to a full 'four year') review for the above reasons and no queries were raised.

4 Options

- 4.1 Option 1. To adopt the recommendations of this report.
- 4.2 Option 2. To reject the recommendation. If the recommendations are rejected, alternative arrangements will need to be considered and approved by Council to establish a Scheme of Allowances to operate from May 2019.

5 Option Appraisal

- 5.1 The Council is required to 'have regard to' the recommendations of the Independent Review Panel. It is recommended that Option 1 above is adopted, being the recommendations of a properly constituted Independent Remuneration Panel who give sound and logical reasons for their recommendations.

6 Risk Management

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

7 Resource Implications

- 7.1 The sum of £407,102.00 for Members' Allowances 2019/2020 is contained in the 2019/2020 budget which will come before Council for approval in February 2019.

8 Legal Implications

- 8.1 Legislation requires a Council to make a Scheme for payment of allowances to Members and to have regard to the recommendations of an Independent Remuneration Panel before making or amending a Scheme. Adopting the recommendations of this report would fulfil these requirements.

9 Equality Issues

- 9.1 This report identifies no Equality issues.

10 Conclusion and reasons for recommendation

- 10.1 It is recommended that the current scheme continues, subject to indexation, until May 2021 and that the Independent Remuneration Panel meets in Autumn 2020 to recommend a scheme from May 2021. This proposal follows the recommendations of the Independent Review Panel.

Background Papers (Local Government Act 1972 Section 100D)

Members' Allowances Scheme 7th Report by the Independent Advisory Panel
October 2018.

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:	4	File Ref:	N/A
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(Portfolio: Corporate) Councillor Flood

Officer:	Karen Dunn	Ext:	8401
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Report to:	Council	Date:	23 January 2019
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