



Members' Allowances Scheme

For

Test Valley Borough Council

7th Report by the Independent Advisory Panel

October 2018

Background

1. The Local Authorities (Members Allowances) (England) Regulations 2003 (as amended) effectively require the Borough Council to seek further recommendations from its Independent Remuneration Panel (IRP) on its members allowance scheme at least once every four years.
2. The IRP's last recommendations to the Council were made in October 2014, and the scheme adopted by the Council in response to these recommendations was put in place from May 2015. At that time, the Council resolved that the IRP should meet again in 2018, with a view to recommending a revised allowance scheme for implementation from May 2019.
3. A Council's scheme of allowances must cover:
 - The Basic Allowance
 - Special Responsibility Allowances
 - Dependent Carers Allowance
 - Travel and Subsistence Allowances
 - Co-optees Allowances
 - Indexation of allowances
4. Before it can agree on any scheme of allowances from May 2019, the Council is required to have regard to the views and recommendations of its Independent Review Panel on all of the above issues.
5. The 7th Test Valley Independent Remuneration Panel met on 2nd October 2018 to consider its recommendations for a new scheme. The panel consisted of:

Trevor Cox, from the former "My Test Valley" panel;

Michael Cronin, Independent Person;

Steve Vale, an HR consultant, chairing the Panel, having chaired the previous four IRPs.
6. This was the same membership as in 2014.

Our approach in 2018

7. Whilst our initial expectation would have been to carry out a full review of the scheme in the same manner as we had done on previous occasions, including seeking views and evidence from elected members, we had been provided with a report by the Council's Head of Legal and Democratic Services in advance of our meeting.
8. This report, which is set out in full at Appendix 1, noted important changes which would become effective in the early part of 2019, and which could have a major impact on the scale and nature of the duties and expectations of elected members in the future.
9. In essence, these changes are:
 - First, following the Local Government Boundary Review Commission's Electoral Review in 2017, ward boundaries and representation will change in May 2019, and the total number of elected members will reduce from 48 to 43, essentially serving the same populace.

- Second, the Digital Transformation programme will change the way in which members work, moving to paper-light working, and will also have an impact of the costs members incur on printing, technology and peripherals.
10. The report argued that the impact of these changes was difficult to predict with any detailed accuracy at this stage, and that, therefore, it would not be appropriate at present to attempt to establish a new 4-year allowances scheme which sought to take account of them.
 11. On that basis, it invited the panel to consider the merits of recommending that the existing scheme (including the indexation provisions for allowances) should remain in place for another two years.
 12. The implication was that, by October 2020, the impact of the changes referred to above would be clear, so that we could gather evidence of their implications for a new allowances scheme, and produce a further report at that stage, recommending a new allowances scheme for implementation from May 2021.
 13. We were advised that elected members had been advised of the intention to ask the panel to consider a 2-year extension of the existing scheme, and that no concerns or questions had been raised in relation to this. We took this to mean that elected members would be content for the current scheme to continue to operate for a further 2 years.
 14. It was therefore clear that the arguments in the report by the Council's Head of Legal and Democratic Services had support across the Council, and that we should take full account of them.

Our considerations

15. Having carefully considered the report by the Council's Head of Legal and Democratic Services, we accepted the logic of its conclusions. It was obvious to us that we would not be able to predict the impact of the changes next year in a way which would enable us to recommend a new allowances scheme which properly reflected the workloads, accountabilities and expenses of elected members in the new set-up.
16. We therefore agreed that it would make sense to recommend that the allowances scheme in operation immediately after May 2019 should be the same as the current one, in all aspects.
17. We did, however, debate whether the scheme should continue to operate for one or two more years.
18. On the one hand, the need to ensure that any subsequent scheme was based on sound and empirical evidence implications of the 2019 changes, particularly those relating to the reduction in the number of Councillors, suggested that two years would be most appropriate. If the current scheme were extended for only one year, any new scheme would need to operate from May 2020, and the panel would have to meet in late 2019 in order to consider and recommend that scheme. But, at that point in time, the new Council would only have been in place for around 6 months – hardly long enough for the changed implications for Councillors to have become fully apparent.
19. Meeting in the autumn of 2020 to consider and recommend a new scheme to operate from May 2021 would therefore be greatly preferable in terms of the evidence available to us about the workload and accountabilities of members after the 2019 change.
20. On the other hand, extending the current scheme means that the Special Responsibility Allowances (SRAs) it contains could be paid only to the roles specifically nominated within it as eligible to receive an SRA. Any new roles emerging after May 2019 which

might potentially merit an SRA could not receive one unless some amendment was made to the current scheme.

21. We were advised that there was, at this stage, no intention to change the roles attracting SRAs, and it is conceivable that there might not be any change for a short period after May 2019. But we thought it unlikely that no new roles meriting consideration of an SRA would emerge in the two years after the 2019 changes.
22. Therefore, continuing with the current scheme for two further years creates a strong likelihood of the panel having to hold one or more interim meetings during the later part of the period, between May 2019 and May 2021 to consider changes to the SRAs payable. Whilst would not be a problem in any legal or procedural context, it will be an administrative inconvenience to the Council, which might be avoided if we continued with the current scheme for just one year.
23. On balance, we felt that the better evidence which would be available if we looked at the new scheme in the autumn of 2020 outweighed the latter consideration. We also noted that it might be possible to agree small changes to the extended scheme by e-mail or electronic conference, rather than convening the Panel.
24. We therefore agreed to recommend that the existing scheme should continue to be applied for two years, at the same time drawing the Council's attention to risk that such an extension might result in the need for interim panel meetings during the extension period.

Recommendation

25. The Panel recommends that:
 - The Scheme of Allowances adopted by the Council on 28th January 2015 (following the panel's 6th report) should continue to operate unchanged for the period from May 2019 to May 2021;
 - (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 1st April in line with Consumer Prices Index for the preceding September;
 - The Panel should meet again in the autumn of 2020 to consider and recommend a new 4-year allowances scheme to apply from May 2021 and is convened in the interim if and when necessary to make any changes to the scheme which will apply from May 2019 to 2021.

Acknowledgments

26. We would like to thank the Council's Head of Legal and Democratic Services, Karen Dunn, for her support and advice in outlining the issues facing the Council and helping us arrive at our recommendation.
27. We would like to thank Caroline Lovelock and Sally Prior for organising our meeting and for advising us during the meeting.