

REPORT



REPORT OF		MEETING	DATE
RESOURCES DIRECTORATE	MEMBERS' ALLOWANCES INDEPENDENT REMUNERATION PANEL		21 NOVEMBER 2016

MEMBERS' ALLOWANCES

PUBLIC/EXEMPT ITEM

This item is for consideration in a meeting that is not open to the public.

SUMMARY

To brief members of the remuneration panel on the factors that may affect their consideration of the proper level of allowances for members of Fylde Council.

RECOMMENDATIONS

Members are asked to reach recommendations for the financial year 2017-18 about:

- The level of basic allowance payable to all councillors
- Which councillors are to receive special responsibility allowances
- The levels of special responsibility allowances
- Whether to continue to pay dependants' carers' allowance and, if so, whether to cap the rates payable
- Whether to continue to pay travel and subsistence allowances and, if so, of how much; and
- What allowance (if any) to pay in respect of independent persons appointed in conjunction with the standards machinery.

SUMMARY OF PREVIOUS DECISIONS

The Independent Remuneration Panel last met, to review Members' Allowances, on 13 November 2015.

REPORT

Introduction

1. As panel members will recall, the Local Authorities (Members' Allowances) (England) Regulations 2003 provide for local authorities to establish and maintain an independent remuneration panel. The purpose of the panel is to make recommendations to the council about the allowances to be paid to elected members.

2. The council must have regard to the recommendations of the panel.
3. Local authorities must include in their scheme of allowances a basic allowance, payable to all members, and may include provision for the payment of special responsibility allowances and a dependants' carers' allowance. The Regulations allow the inclusion of a travel and subsistence and a co-optees' allowance within an allowances scheme. These allowances are discretionary.
4. The existing members' allowances scheme, adopted by the council following consideration of the recommendations of the independent remuneration panel, and which is subject to review in respect of the period commencing 1 April 2017, is as set out as appendix 1. For convenience, the levels of basic and special responsibility allowances presently payable are set out in paragraph 26.
5. Paragraphs 10 to 25 below are based on previously published guidance from the Department for Communities and Local Government on members' allowances, subject to deletion of material now superseded and material not now applicable to Fylde.
6. In summary, the allowances which are or may be payable to members of local authorities are as follows:
 - basic allowance
 - special responsibility allowance
 - dependants' carers' allowance
 - travelling and subsistence allowance.

Financial settlement

7. The latest announcements by the Department of Communities and Local Government are of further reductions in funding to local authorities for future years. This comes on top of previously announced (and implemented) public sector funding reductions which have adversely affected the overall spending power of local authorities.
8. These reductions in funding have meant that the Council has needed to take steps to reduce expenditure and maximise income generating activities in the current and future years. Based on the latest forecast position the Council currently has a recurring funding shortfall in future years which is unsustainable in the long-term. Consequently the Council continues to explore, and implement where possible, all opportunities to reduce expenditure including taking advantage of efficiency-savings achieved through the restriction on non-essential spending and to maximise income generating activities.
9. The annual budgeted cost of members' allowances and expenses to the council based on the amount estimated for 2016/17 under the present scheme is set out in Table 1 –

Table 1 – Annual Estimated Members Allowances & Expenses – Budget provision 2016/17

Basic Allowances	£191,250
Independent Person Allowances	£750
Special Responsibility Allowances	£56,286
National Insurance	£1,248
Car Mileage	£5,000
Total Estimated Cost	£254,534

Basic allowance

10. Each local authority must make provision in its scheme of allowances for a basic, flat rate allowance payable to all members of the authority¹. The allowance must be the same for each member. The allowance may be paid in a lump sum, or in instalments through the year.
11. Basic allowance is intended to recognise the time commitment of all councillors, including such inevitable calls on their time as meetings with officers and constituents and attendance at political group meetings. It is also intended to cover incidental costs such as the use of their homes.

Special responsibility allowance

12. Each local authority may also make provision in its scheme for the payment of special responsibility allowances for those councillors who have significant responsibilities. Special responsibility allowance may be payable for duties which fall within the following categories:
 - acting as leader or deputy leader of a political group
 - presiding at meetings of a committee, sub-committee, or joint committee
 - representing the authority at meetings of another body
 - membership of a committee or sub-committee which meets with exceptional frequency or for exceptionally long periods
 - acting as a spokesperson for a political group on a committee or sub-committee
 - membership of a panel dealing with licensing or controlling any activity
 - any other activities in relation to the discharge of the authority's functions as to require equal or greater effort of the member than any of the activities listed above.
13. A scheme must also specify the amounts of allowance to be paid for each such responsibility.
14. Where, as at Fylde, one political group is in control, and where an authority has decided to pay special responsibility allowances, the authority must make provision for the payment of a special responsibility allowance to at least one member of a minority group.

Dependants' carers' allowance

15. A scheme of allowances may also include the payment of a dependants' carers' allowance to those councillors who incur expenditure for the care of children or other dependants whilst undertaking particular duties. These duties are specified in the Regulations and are as follows:
 - a meeting of the authority
 - a meeting of a committee or sub-committee of the authority
 - a meeting of some other body to which the authority make appointments or nominations, or

¹ For convenience, the panel also makes recommendations on the allowances to be paid to the independent persons appointed under the Localism Act 2011 to work with the Monitoring Officer and Audit and Standards Committee on allegations made under the code of conduct for members. As Fylde's independent persons are retained jointly with Blackpool Council, their allowances have recently been considered at a joint meeting with Blackpool's independent remuneration panel. This report does not consider them further.

- a meeting of a committee or sub-committee of a body to which the authority make appointments or nominations
- a meeting which has both been authorised by the authority, a committee, or subcommittee of the authority, and to which representatives of more than one political group have been invited
- a meeting of a local authority association of which the authority is a member
- duties undertaken on behalf of the authority in connection with the discharge of any function of the authority conferred by or under any enactment and empowering or requiring the authority to inspect or authorise the inspection of premises
- any other duty approved by the authority in connection with discharging the duties of the authority or its committees or sub-committees.

Travelling and subsistence allowance

16. Each local authority may also make provision in its scheme for the payment of a travelling and subsistence allowance to its members.
17. This may include provision for the payment of an allowance for those members who travel by bicycle or other non-motorised transport.
18. The Regulations provide that travelling and subsistence allowances may be paid for:
 - a meeting of the authority
 - a meeting of a committee or sub-committee of the authority
 - a meeting of some other body to which the authority make appointments or nominations
 - a meeting of a committee or sub-committee of a body to which the authority make appointments or nominations
 - a meeting which has both been authorised by the authority, a committee, or subcommittee of the authority or a joint committee of the authority and one or more other authorities, and to which representatives of more than one political group have been invited
 - a meeting of a local authority association of which the authority is a member
 - duties undertaken on behalf of the authority in connection with the discharge of any function of the authority conferred by or under any enactment and empowering or requiring the authority to inspect or authorise the inspection of premises
 - any other duty approved by the authority in connection with discharging the duties of the authority or its committees or sub-committees.

Backdating of Allowances

19. When a scheme of allowances is amended, an authority may choose to apply the amendment retrospectively to the beginning of the financial year in which the amendment is made.
20. Where a councillor takes on duties entitling them to a different level of allowances (e.g. where a councillor is appointed to a position entitling them to special responsibility allowance), the new level of allowances may be applied retrospectively to the time at which the circumstances changed.

21. Independent remuneration panels may make recommendations, where relevant, as to whether the payments on which they have made a recommendation may be backdated. Authorities will be required to have regard to these recommendations.

Annual Adjustments of Allowance levels

22. A scheme of allowances may make provision for an annual adjustment of allowances to be ascertained by reference to an index as may be specified by the authority and contained in the scheme. The scheme must be publicised each year, whether or not it has been amended.
23. Where the only change made to a scheme is that caused by the annual impact of an index contained within that scheme, the scheme shall not be deemed to have been amended, and thus an authority will not have to seek a recommendation from its independent remuneration panel.
24. Where a panel makes a recommendation that allowance levels should be determined according to an index, it should also make a recommendation as to how long the index should run before reconsideration. In any case, an index may not run for more than four years before a further recommendation on it is sought from an independent remuneration panel.

Forgoing allowances

25. A scheme must provide that a person may forgo all or part of any allowances to which they are entitled. To do this they must give notice in writing to the proper officer of the authority.

Basic and special responsibility allowances at Fylde Council

26. The present allowances scheme at Fylde, which were approved at the Council meeting of 14 December 2015, provides for a basic allowance of £3,750 and the following special responsibility allowances:
- Leader of the Council - £10,000.00.
 - Deputy leader of the Council - £3,000
 - Chairmen of the Development Management Committee; Finance and Democracy Committee; Operational Management Committee; Environment, Health and Housing Committee; and Tourism and Leisure Committee - £4,000.00.
 - Vice-Chairmen of the above Committees - 50% of Chairmen's allowance -£2,000.00.
 - Chairmen of the Public Protection and Licensing Committees - £1,625.00.
 - Vice-Chairmen of the above Committees - 50% of Chairmen's allowance -£812.50.
 - Chairman of the Audit and Standards Committee - £3,250.00.
 - Vice –chairman of the Audit and Standards Committee – 50% of chairman's allowance - £1,625.00.
 - Leader of each political group - £32 per group member.

Historical data

27. The table below shows the current allowance levels as approved by Council in December 2015 and the allowance levels that were in place since the previous uplifting in 2006:

	Basic Allowance	Leader's Allowance	Chair of Programme Committee (or Equivalent)
2006	£3,500	£6,000	£3,250
2015	£3,750	£10,000	£4,000

Comparisons with other authorities

29. Officers have carried out a survey of current members' allowances schemes, which is included as appendix 2. The survey covers all other district councils in Lancashire. The comparative information below is taken from this survey except where noted. Members will note that Blackburn with Darwen and Blackpool are unitary authorities, which deal with the whole range of council functions.
30. Other district councils have changed to a committee system since the Localism Act 2011 made it possible to do so. The spreadsheet at appendix 2 includes information about allowances payable by four such authorities.
31. For ease of reference, I set out comparisons between Fylde and relevant averages below:
 - The basic allowance at Fylde (£3,750) is **below** the average for all councils in Lancashire (£4,296) and **below** the average for shire districts in Lancashire (£3,812). However, the cost of basic allowance per head of population per year is the highest in Lancashire (£2.52).
 - The special responsibility allowance for the leader of the council at Fylde (£10,000) is **below** the average for all councils in Lancashire (£14,200) and **below** the average for shire districts in Lancashire (£12,874).

Specific issues: Development Management Committee

32. The panel is asked to consider whether the allowances for chairman, vice-chairmen and members of the Development Management Committee ought to better reflect the particular demands placed on members of that committee.
33. The four programme committees of the council (Finance and Democracy, Environment, Health and Housing, Tourism and Leisure and Operational Services) each have five scheduled meetings per year. Each meeting would normally be expected to last in the region of two hours.
34. By contrast, the Development Management Committee will have had at least 21 meetings by the close of the 2016-17 municipal year. These meetings comprise of a regular cycle of meetings to deal with planning applications, a regular cycle of meetings concerned with the development of planning policy, and special meetings. Moreover, the meetings that deal with planning applications commonly last between four and six hours (excluding a lunch break).

35. The special responsibility allowance for the chairman and vice-chairman of the Development Management Committee are the same as that for chairmen and vice-chairmen of the programme committees. Members of the Development Management Committee, in common with members of other committees, do not receive a special responsibility allowance for their membership.
36. Representations have been made by some elected members that members of the Development Management Committee should receive a special responsibility allowance to recognise the exceptional demands on their time associated with service on the committee. However, other members have expressed the view that this would not be appropriate. One other authority in Lancashire pays a special responsibility allowance of £765 for members of the equivalent committee.
37. The workload of the committee is very heavy in the period leading up to the adoption of the local plan, which is hoped will take place in 2017. But the length of time taken to consider individual planning applications, when compared to other authorities, seems to reflect the preferences of committee members rather than any need for such lengthy consideration.

IMPLICATIONS	
Finance	The Council's base revenue budget includes recurring provision of £254,534 per annum for member's allowances as set out in paragraph 9 of this report. Any increases in allowances will result in increased revenue costs which will require approval by Council in due course.
Legal	The council must take into account the views of the panel when reviewing members' allowances.
Community Safety	
Human Rights and Equalities	The allowances scheme should enable people from all sectors of the community to serve as elected members without suffering a financial detriment by doing so.
Sustainability and Environmental Impact	
Health & Safety and Risk Management	

REPORT AUTHOR	TEL	DATE	DOC ID
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LIST OF BACKGROUND PAPERS		
Name of document	Date	Where available for inspection

Attached documents

Appendix 1 Existing Members Allowance Scheme

Appendix 2 Allowance Schemes at Other Authorities