

# REPORT

REPORT OF	MEETING	DATE
RESOURCES DIRECTORATE	MEMBERS' ALLOWANCES INDEPENDENT REMUNERATION PANEL	19 NOVEMBER 2014

## 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. Panel members will need in particular to consider changes in the roles and responsibilities of councillors that flow from the council's change from a cabinet form of governance to a committee system.

### RECOMMENDATIONS

- Members are asked to reach recommendations for the financial year 2015-16 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 17 October 2013.

### REPORT

#### Introduction

- As panel members will recall, the Local Authorities (Members' Allowances) (England) Regulations 2003 provide for local authorities to establish and maintain an independent

## Appendix 2

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 2015, 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 impacted to a significant extent upon the Councils overall financial position.
8. These reductions in funding have meant that the Council has needed to take significant steps to reduce expenditure 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.
9. The annual budgeted cost of members' allowances and expenses to the council based on the amount estimated for 2014/15 under the present scheme is set out in Table 1 –

Table 1 – Annual Estimated Members Allowances & Expenses – Budget provision 2014/15

Basic Allowances	£178,500
Independent Person Allowances	£750
Special Responsibility Allowances	£60,888
National Insurance	£925

## Appendix 2

Car Mileage	£5,000
Total Estimated Cost	<b>£246,063</b>

### **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 authority. 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
  - a meeting of a committee or sub-committee of a body to which the authority make appointments or nominations

## Appendix 2

- 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 provides for a basic allowance of £3,500 and the following special responsibility allowances:  
Leader of the Council - £6,000.00.  
Members of the Executive Cabinet - £4,000.  
Chairmen of the Policy Development Scrutiny Committee, the Community Focus Scrutiny Committee and the Development Management Committee - £3250.00.  
Vice-Chairmen of the above Committees - 50% of Chairmen's allowance -£1,625.00.  
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 \*Standards Committee - £1,900.00  
Vice –chairman of the Standards Committee - £950.00  
Chairman of the Audit Committee - £1,980  
Vice-chairman of the Audit Committee - £990  
Leader of each political group - £32 per group member.  
\* N.B Independent persons, who work with the Standards Committee and the monitoring

### **Historical data**

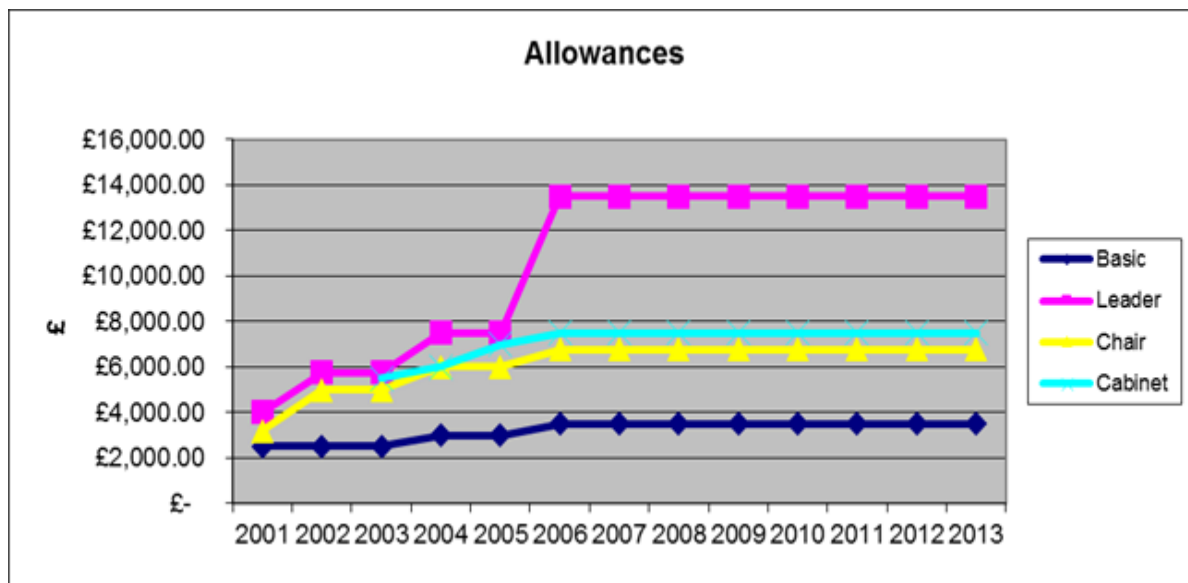
27. The following table and graph<sup>1</sup> shows allowance levels at Fylde since 2001 :

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<sup>1</sup> The allowance shown leader includes his basic allowance and his special responsibility allowance as a cabinet member, as well as the leader's allowance; the allowance shown for cabinet member includes basic allowance.

## Appendix 2

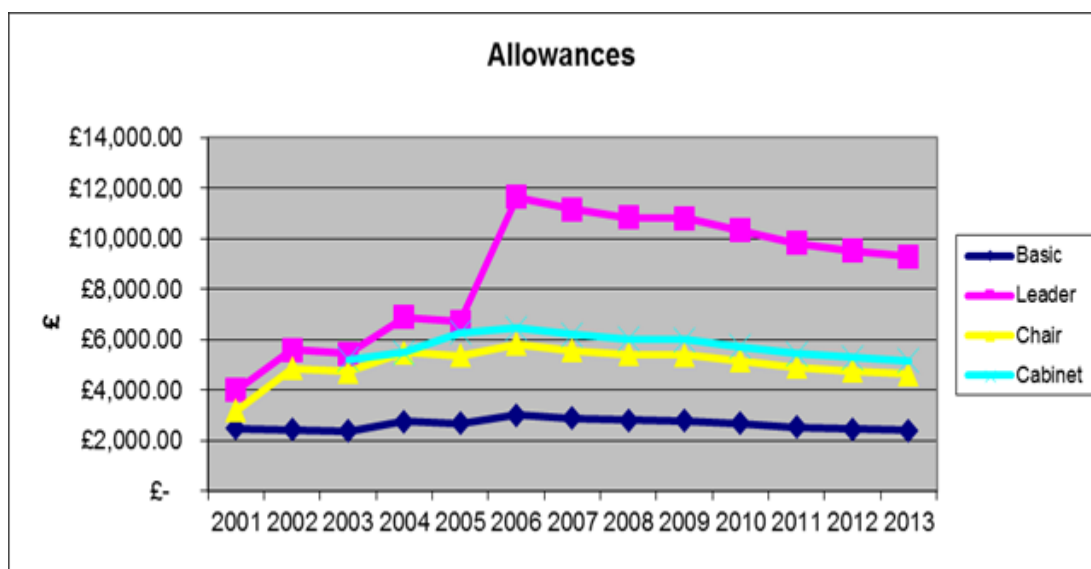
	Basic	Leader	Chair	Cabinet
2001	£2,500.00	£ 4,000.00	£3,200.00	
2002	£2,500.00	£ 5,750.00	£5,000.00	
2003	£2,500.00	£ 5,750.00	£5,000.00	£5,500.00
2004	£3,000.00	£ 7,500.00	£6,000.00	£6,000.00
2005	£3,000.00	£ 7,500.00	£6,000.00	£7,000.00
2006	£3,500.00	£13,500.00	£6,750.00	£7,500.00
2007	£3,500.00	£13,500.00	£6,750.00	£7,500.00
2008	£3,500.00	£13,500.00	£6,750.00	£7,500.00
2009	£3,500.00	£13,500.00	£6,750.00	£7,500.00
2010	£3,500.00	£13,500.00	£6,750.00	£7,500.00
2011	£3,500.00	£13,500.00	£6,750.00	£7,500.00
2012	£3,500.00	£13,500.00	£6,750.00	£7,500.00
2013	£3,500.00	£13,500.00	£6,750.00	£7,500.00



## Appendix 2

28. The following table and graph<sup>2</sup> shows the same data adjusted for inflation since 2001:

	Basic	Leader	Chair	Cabinet
2001	£2,500.00	£ 4,000.00	£ 3,200.00	
2002	£2,435.47	£ 5,601.57	£ 4,870.93	
2003	£2,375.48	£ 5,463.60	£ 4,750.96	5,226.05
2004	£2,755.56	£ 6,888.89	£ 5,511.11	5,511.11
2005	£2,690.08	£ 6,725.21	£ 5,380.17	6,276.86
2006	£3,021.38	£11,653.90	£ 5,826.95	6,474.39
2007	£2,897.47	£11,175.97	£ 5,587.98	6,208.87
2008	£2,812.96	£10,850.00	£ 5,425.00	6,027.78
2009	£2,805.17	£10,819.94	£ 5,409.97	6,011.08
2010	£2,679.01	£10,333.33	£ 5,166.67	5,740.74
2011	£2,547.59	£ 9,826.42	£ 4,913.21	5,459.12
2012	£2,473.94	£ 9,542.35	£ 4,771.17	5,301.30
2013	£2,410.15	£ 9,296.31	£ 4,648.16	£5,164.62



<sup>2</sup> The allowance shown for leader includes his basic allowance and his special responsibility allowance as a cabinet member, as well as the leader's allowance; the allowance shown for cabinet member includes basic allowance

### 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. It is considered to be more relevant and reliable than the latest Local Government Association data, which dates back to 2008. 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 (£3,500) is **below** the average for all councils in Lancashire (£4,010) and **below** the average for shire districts in Lancashire (£3,516).
  - The special responsibility allowance for the leader of the council at Fylde (£6,000) is **below** the average for all councils in Lancashire (£12,004) and **below** the average for shire districts in Lancashire (£10,782).
  - Fylde does presently pay a dependent/carer's allowance. 177 out of 203 shire districts<sup>3</sup> surveyed also pay such an allowance, as do 31 out of 37 of all councils in the North West and 15 out of 21 of shire districts in the North West. Fylde's dependent carer's allowance is paid at cost. Other authorities pay an hourly rate. The average hourly rate paid by shire districts is £8.16. The average hourly rate paid by councils in the North West is £6.61. The average hourly rate paid by shire districts in the North West is £6.74. There is no specific budget provision for this allowance as difficult to forecast, as it will vary each year. At time of writing, no payments are believed to have been made for 2014/15.
  - Fylde does presently pay travel and subsistence allowances. 193 out of 203 shire districts surveyed<sup>4</sup> pay subsistence allowance, and 197 pay travel allowance. 33 out of 37 of all councils in the North West pay subsistence allowance and 35 also pay travel allowance. 18 out of 21 shire districts in the North West pay subsistence allowance and 20 also pay travel allowance.

### Specific issues: governance change

32. In May 2015, Fylde Council's system of governance will change from a Leader and Cabinet (England) form of executive arrangements to a committee system. The panel will need to consider carefully how the new structure should be reflected in the allowances scheme.
33. The present scheme provides for special responsibility allowances to be paid for the following roles, which will be discontinued: cabinet members, chairmen and vice-chairmen

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<sup>3</sup> Information from 2008 LGA survey

<sup>4</sup> Information from 2008 LGA survey



## Appendix 2

of scrutiny committees, chairman and vice-chairman of Audit Committee, chairman and vice-chairman of Standards Committee.

34. The new structure will contain the following new roles which the panel may consider should attract a special responsibility allowance:

Role	Observations
Chairman and vice-chairman of each of the four new programme committees: Finance and Democracy, Operational Services, Health and Housing, Tourism and Leisure	<i>Between them, the four programme committees will take responsibility for the functions previously under the remit of the Cabinet. However, unlike cabinet members, chairmen and vice-chairmen will not have power to take decisions individually.</i>
Chairman and vice-chairman of the Audit and Standards Committee	<i>The committee will take responsibility for the functions previously under the remit of the separate Audit and Standards committees.</i>

35. The role of the Leader of the Council will also change significantly. Under the present system, the Leader is responsible for appointing the Cabinet, chairs Cabinet meetings and has authority to take any executive decision on behalf of the council. Those responsibilities will no longer exist under a committee system. The leader would still be expected to be the political figurehead of the council and the leading advocate for local communities. However, his formal responsibilities would be confined to answering, or choosing another member to answer, questions from members of the public at council meetings.
36. The remit of the Development Management Committee will be expanded to include development of planning policy.

### Specific issues: time limits for claims

37. Members are presently encouraged to submit claims for travel and subsistence allowances monthly. However, not all members do so. Claims are occasionally submitted six or even twelve months after the event giving rise to them. Processing and paying these claims causes accounting and administrative difficulty, especially where the claim relates to a previous financial year.
38. The panel is asked to consider introducing a time limit under which claims for travelling or subsistence submitted more than three months after the event giving rise to them would not be paid.

### Specific issues: Mileage rates

39. Travelling allowance includes a rate per mile for travel in a member's own private motor vehicle<sup>5</sup>, or one provided for their use. The rate per mile has not increased over the last eleven years and is not considerably different to the rate payable to officers undertaking car travel in the course of their employment. The relevant comparisons are in the table below.

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<sup>5</sup> Not including a solo motorcycle

## Appendix 2

The panel is asked to consider increasing the rate per mile payable to members to bring it in line with that payable to officers.

Vehicle CC	Rate payable to members	Rate payable to officers
999 or less	34.6p	46.9p
1000 or more	39.5p	52.2p

IMPLICATIONS	
Finance	The Council's base revenue budget includes recurring provision of £246,063 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
Ian Curtis	01253 658506	17November 2014	

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