

**Subject:** Review of Members' Allowances – Report of the Independent Remuneration Panel

**Date of Meeting:** 5<sup>th</sup> December 2013  
Council 12<sup>th</sup> December 2013

**Report of:** Head of Law

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**Wards Affected:** All

**FOR GENERAL RELEASE**

**1. PURPOSE OF REPORT AND POLICY CONTEXT:**

- 1.1 The current Members Allowances Scheme was approved in April 2012 following the decision to adopt a new committee system. Since then, the Independent Remuneration Panel has been reappointed following the previous Panel members completing their terms of office. The new Panel held its first meeting in July and decided that it should meet with the Leaders of the Groups and other Members in September, before deciding on the need and extent of any review of the allowances scheme.
- 1.2 The Panel met each of the Group Leaders, Chairs & Deputy Chairs of Committees, Opposition Spokespersons and Backbenchers in September and has taken on board the comments received. In so doing, the Panel has concluded that a full review of the Members Allowances Scheme should be conducted over the next 10 months, with a view to reporting to the Council in October 2014. The expectation being that a revised scheme would be recommended for adoption with effect from May 2015.
- 1.3 The Panel were mindful that there was a need for the Council to approve a scheme for 2014/15 and therefore recommended that the report be submitted to the Council in accordance with the Local Authorities (Members Allowances) (England) Regulations 2003 and that it should take effect from Annual Council in May 2014.

**2. RECOMMENDATIONS:**

- 2.1 That the Panel's desire to undertake a full review of the Members Allowances Scheme be noted,
- 2.2 That the level of Basic Allowance be increased in line with the recent Public Sector pay award of 1%, thereby increasing it from £11,463 to £11,578 to be effective from the day after the Annual Council Meeting in May 2014;

- 2.3 That the Council be recommended to adopt the existing Members Allowances Scheme for the payment of allowances in 2014/15, subject to 2.2 above, with effect from day after the Annual Council Meeting in May 2014.
- 2.4 That the Chief Executive be authorised to issue the Brighton & Hove Members' Allowances Scheme in accordance with the regulations following council approval;
- 2.5 That the allowance payable to each of the members of the Independent Remuneration Panel be increased by 1% in line with the Public Sector pay award with effect from 1 September 2013, in recognition of the time commitment and the role of the Panel.

### **3. CONTEXT / BACKGROUND INFORMATION:**

- 3.1 Following its meeting with various Members in September, the Panel felt that there was a need to undertake a comprehensive review of the Members Allowances Scheme. Such a review would take some time and therefore the Panel agreed to it should aim to report back to the Policy & Resources Committee and Full Council in October 2014. The intention being that the Council would be able to approve a new scheme to be effective from the Annual Council Meeting in 2015, which would then apply for the duration of the new Council following the local elections in May. It would also provide for the scheme to be agreed by an outgoing council and enable any perspective councillors to be aware of the arrangements that would be in place should they be elected.
- 3.2 Notwithstanding the decision to undertake a full review of the allowances scheme, the Panel noted from the evidence given by Members that the role of a councillor had changed and the time commitment was an important factor. The Panel also noted that support to councillors in terms of child care and dependant care remained a concern and felt that this should be given due consideration as part of their forthcoming review.
- 3.3 The Panel were keen to be able to hear from other Members and to look at the impact of the committee system on their roles and therefore felt that it required more time to review the scheme. However, the Panel felt that it was clear from the evidence received that there was a justification for an increase the Basic Allowance in line with the Public Sector pay award. The Panel were also mindful of the fact that the Basic Allowance had remained at its current level for 3 years.
- 3.4 The Panel received a presentation from Finance Officers in regard to the council's budgetary position and the pressures that it faced and felt that this was another reason why an extensive review was required. They wished to gain a greater understanding of the various roles that attributed a Special Responsibility Allowance as well as how the role of a councillor had changed and whether the basic and dependant care allowances were appropriate for that role.

### **4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS**

- 4.1 In order to revise its Members' Allowances Scheme, the Council is required to have regard to the recommendations of the Independent Remuneration Panel.

4.2 The Panel took the view that in line with the Local Authorities (Members' Allowances) (England) Regulations 2003 and the introduction of the committee system in May 2012, it would undertake a comprehensive review of the Members' Allowances Scheme and make recommendations to the Council on :

- (a) The level of Basic Allowance to be paid to all councillors;
- (b) The responsibilities for which Special Responsibility Allowances (SRA's) should be payable (only one Special Responsibility Allowance is payable per councillor);
- (c) The levels of SRA payable;
- (d) The payment of Travel & Subsistence Allowances and appropriate mileage and subsistence rates payable to councillors undertaking approved council duties;
- (e) The payment of a Co-optee's Allowance;
- (f) The payment of Childcare & Dependant Carer's Allowances, the level of such payments, any upper limits and capping that should apply.

4.3 The Panel will take account of the latest regional and national earnings information in relation to any increase in allowances and will make comparisons with the council's own salary inflation rate, public sector pay awards and comparable authorities.

4.4 When the Panel next review the scheme for Members' allowances, the option of formulating a scheme that covers a longer period of, say, 4 years will be considered. Such a scheme could provide the basis for a basic formula that gets updated annually by reference to the retail prices index or some other benchmarks. This would avoid some of the uncertainty and enable any Councillors standing for elections for the first time, as well as continuing Councillors, clarity in terms of what to expect so far as allowances are concerned.

## **5. COMMUNITY ENGAGEMENT & CONSULTATION**

5.1 The Panel has met with the Group Leaders and other Members, including post holders and back benchers and will undertake further consultation during its full review during 2014/15.

5.2 The Panel also put forward its recommendations to the Leaders Group for the changes to the current scheme in May 2014 and its future review.

5.3 The Panel intend to engage and consult with all Members during its next full review in various ways and seek their support to enable the review to be as comprehensive as possible.

## **6. CONCLUSION**

- 6.1 The Panel have recommended an increase to the Basic Allowance with effect from the 2014 municipal year and will be undertaking a full review of the allowances scheme prior to reporting to the Council in October 2014.
- 6.2 The Panel believe that there is a justification for equity in recommending that the Basic Allowance is increased in line with the public sector pay award. The Panel were also mindful that allowances had remained at their current level for the last three years.
- 6.3 The Basic Allowance is paid in recognition of the decision to become a councillor and to help support a councillor to fulfil their role. Having heard from Members of the changes to their roles, the Panel were of the opinion that an increase in the Basic Allowance was justified as this would be across all councillors and was in line with that given to public service officers.
- 6.4 The Panel wish to review both the number and level of Special Responsibility Allowances which it feels are based on pre-dated models and to give consideration to the level and how dependant care allowances are set and paid.

## **7. FINANCIAL & OTHER IMPLICATIONS:**

### Financial Implications:

- 7.1 The proposed increase of 1% to the basic allowance plus associated on-costs of the current Members Allowances scheme will cost approximately £10k extra in 2014/15. It is expected that this increase will be covered by the corporate inflationary uplift to the budget for the service in 2014/15, subject to any further adjustments during the budget setting process.
- 7.2 It is proposed that a full review of the Members Allowances scheme be undertaken, reporting back with any recommendations and implications to this Committee and Full Council in October 2014. It is understood that the review will be done in-house, and absorbed within existing workloads.

*Finance Officer Consulted: Peter Francis*

*Date: 05/11/13*

### Legal Implications:

- 7.3 The proposals in this report comply with the requirements of the Local Authorities (Members' Allowances) (England) Regulations 2003 and associated guidance.
- 7.4 There are no adverse Human Rights Act implications arising from this report.

*Lawyer Consulted:*

*Abraham Ghebre-Ghiorghis*

*Date: 05/11/13*

Equalities Implications:

- 7.5 The proposed increase to the basic allowance provides an equal benefit to all councillors.
- 7.6 The recommendations explicitly seek to encourage a wider cross-section of the community to become councillors, and reduce the financial disincentives, which deter a broader spectrum of people from serving as councillors.

Sustainability Implications:

- 7.7 There are no sustainability implications arising directly from the report.

Any Other Significant Implications:

- 7.8 There are no other significant implications associated with the report.

## **SUPPORTING DOCUMENTATION**

### **Appendices:**

Proposed Members Allowances Scheme for 2014/15.

### **Documents in Members' Rooms**

None

### **Background Documents:**

(a) Independent Remuneration Panel's Annual Report 2012

(b) Members' Allowances Scheme 2013/14