

MEETING: 26 MARCH 2012

**REVIEW OF MEMBERS' ALLOWANCES SCHEME BY THE
INDEPENDENT REMUNERATION PANEL**

**REPORT OF THE CLERK TO THE AUTHORITY AND THE FINANCE
OFFICER**

1. INTRODUCTION

- 1.1 The Independent Remuneration Panel (the Panel) has completed its review of the Members' Allowances Scheme. The purpose of this report is to present the Panel's report to the Authority for consideration.

2. THE INDEPENDENT REMUNERATION PANEL'S REPORT

- 2.1 The report of the Panel is shown in the Appendix. An authority must have regard to the advice of its Panel when deciding on its Members' Allowances Scheme and the amounts to be paid thereunder.
- 2.2 Members will see that save for amendments to reflect the discontinuance of the Civil Contingencies Committee and the merger of the Policy Advisory and Performance Review Committees, the Panel does not recommend any changes to the responsibilities for which allowances are paid or the level of allowances. On this occasion, the Panel has also recommended that there is no provision for an automatic indexation increase to be included in the scheme and that therefore any increase should follow further consideration by the Panel. The Panel also endorsed the Authority's decision to divide the allowance payable to the leaders of the majority parties in opposition, where their respective parties are represented equally.

3. FINANCIAL IMPLICATIONS

- 3.1 The discontinuance of the Civil Contingencies Committee will result in a net annual saving to the Authority of £6,399.

4. RECOMMENDATIONS

- 4.1 The Authority is requested to consider the report and the recommendations of the Panel and if approved, revoke the existing scheme and make a new scheme reflecting the Panel's recommendations with effect from 1 April 2012, such scheme to apply until further review and consideration by the Authority.

BACKGROUND PAPERS

Report of the Remuneration Panel
The Local Authorities (Members' Allowances) (England) Regulations 2003.

MEMBERS' ALLOWANCES SCHEME

Report of the Independent Remuneration Panel

1. INTRODUCTION

- 1.1 The Members' Remuneration Panel has been in operation since 1999. It was originally established by Sunderland City Council (the lead Authority) on a voluntary basis but since 2001 has been operating formally as the Independent Remuneration Panel under Government Regulations. The Local Authorities (Members Allowances) (England) Regulations 2003 became operative on 1 May 2003, which increased significantly the functions of the Panel. The Joint Authority has again agreed that it would be expedient for it to use the Council's Panel to review the Members' Allowances Scheme.
- 1.2 The Regulations are supported by detailed guidance, which provides a description of both statutory guidance and non-statutory guidance. The Panel has had due regard to this guidance in formulating its proposals.
- 1.3 The Regulations provide that, in addition to the existing areas of Basic and Special Responsibility Allowances, Independent Remuneration Panels should make recommendations on Travel and Subsistence, Co-optees' Allowances and pensions for Councillors. A full statement of the formal terms of reference for the review is attached at Appendix 1.

2. BACKGROUND

- 2.1 The Panel has been pleased to note that the Joint Authority has accepted all of its previous recommendations.
- 2.2 The Panel noted that the Joint Authority has continued to progress since the last review. In terms of context, the Panel recognised the challenges for the Joint Authority:
 - High levels of deprivation
 - Population density 6 times the national average
 - Twice the average number of rented dwellings
 - Poorer health/smoking and alcohol issues
- 2.3 The above challenges are being addressed when the scale of financial pressures facing public services in the current economic climate is unprecedented in recent years. The Joint Authority has been reformulating its plans and priorities to reflect these financial constraints and developing efficiency reviews for 2010/11 and 2011/12 ranging from front line operational activity, such as prevention and education, to reviews of the back office services.

3. THE REVIEW PROCESS

- 3.1 The Panel has been required to study the implications of the Regulations and Guidance very closely. In addition, other information has been considered including:
- Allowances schemes in other Joint Authorities;
 - Pensions information from the Local Government Pensions Committee.
- 3.2 The Panel has not undertaken any interviews as part of the information gathering process. It did invite all members to make written representations, however none were received. The Panel did consider the performance and contextual data provided by the Chief Fire Officer, and also comparative data in respect of allowance schemes of other joint authorities in order to make an assessment.
- 3.3 It appears, since no representations were received, that most members accept the current basis for allowances based on the Panel's original assessment of the time demands (i.e. Chair – 90 days, Vice-Chair and Chairs of Committees – 45 days and Leader of the Major Minority Party in Opposition 22 ½ days).

4. PROPOSALS

- 4.1 The Panel has been mindful in considering the current financial climate context, and the public sector pay freeze when considering its review of allowances
- 4.2 **We recommend no changes are made to the Basic Allowance**
- 4.2.1 The Panel felt that the current figure should not be increased, as whilst there are undoubtedly additional challenges for members in the current financial climate, which are resulting in some difficult decision making, the Panel did not consider that there were any factors which indicated that an increase was appropriate.
- 4.3 **We recommend no changes are made to the categories of Special Responsibility Allowance (SRAs) other than to reflect the amalgamation of the Policy Advisory and the Performance Review Committees into the Policy and Performance Committee and the deletion of the Civil Contingencies Committee. We recommend no changes to the amounts of SRAs.**
- 4.3.1 It is noted that the Policy Advisory and the Performance Review Committees have been amalgamated into the Policy and Performance Committee, which is currently chaired by the Vice Chairman. No separate allowance is paid for chairing this meeting and it is proposed that this continue to be the case. In addition, it is noted that the Civil Contingencies Committee has been discontinued.

4.3.2 The Panel note that there is currently no single majority party in opposition and that at its meeting on 18 July 2011 the Joint Authority agreed that this allowance be shared equally between the two opposition party leaders. The Panel supports this approach and recommends that provision is included in the scheme to provide expressly for this situation should it occur again in future.

4.4 We recommend no changes are made to the Co-optees Allowances

There are three independent members on the Governance Committee who have responsibilities in respect of standards of conduct, and the provision of independent assurance of the adequacy of the risk management framework, scrutiny of the Authority's financial and non-financial performance and oversight of the financial reporting process.

5. CARERS' ALLOWANCES

5.1 We recommend no change is made to the Carers' Allowance

5.2 The Panel noted the level paid by other joint authorities and considered the current level of allowance falls within this range.

6. TRAVEL AND SUBSISTENCE

6.1 We recommend no changes are made to the levels of allowance and approval arrangements for travel and subsistence

6.2 The Panel noted the levels paid by other joint authorities and considered the current level of allowance falls within this range.

7. BACKDATING OF ALLOWANCES

7.1 We do not recommend any backdating of allowances

As the Panel does not recommend any changes to the levels at which allowances are payable and is simply recommending the list of committees for which allowances are payable be updated to reflect the current arrangements, the issue of backdating does not arise. It is recommended that the current rates continue and are also applied in the financial year 2012-2013 and thereafter until any further variation or amendment.

8. INDEX INCREASE

The Panel gave consideration as to whether the level of allowances should be increased in line with an annual index. In view of the current financial climate the Panel took the view that the allowances should not automatically be increased to reflect annual indexation increases. If

increases were considered appropriate at any time in the future, these should follow a further review by the Joint Authority and the consideration of further recommendations from the Panel.

Given that the current review has been undertaken in November 2011, it is recommended that the next planned review of allowances be undertaken in time for implementation by 1 April 2013.

9. CAR MILEAGE RATES

9.1 We recommend no change and the continued use of the HMRC authorised mileage rate

The Panel proposes that the mileage and other travel rates payable to Members should continue to match Her Majesty's Revenue and Customs (HMRC) authorised mileage rates. These allowances should be updated when HMRC publishes revised allowances.

10. PENSIONS

10.1 We recommend no change to the pension arrangements within the Members' Allowances Scheme

All Members are free to make a decision to join the pension scheme made under Section 7 of the Superannuation Act 1972 and the Panel sees no reason to make any changes to this existing position and for Basic Allowances and Special Responsibility Allowances to continue to be treated as amounts for which pensions are payable.

11. RULES GOVERNING THE PAYMENT OF ALLOWANCES

11.1 For the avoidance of doubt, save where alternative recommendations are made in this report, it is recommended that all of the rules and provisions governing the payment of allowances, together with details of the amounts payable and the procedures to be followed in making claims etc, as set out in the current Members' Allowances Scheme, remain unchanged.

12. AMENDED SCHEDULE OF ALLOWANCES

A full amended schedule of the proposed Members Allowances is set out at Appendix 2.

Karen Straughair Chair
John Anderson
John Cuthbert

March 2012

The work of the Panel

The regulations provide for independent remuneration panels to have the following functions:

- To make recommendations to the authority as to the amount of basic allowance that should be payable to its elected members.
- To make recommendations to the authority about the responsibilities or duties which should lead to the payment of a special responsibility allowance and as to the amount of such an allowance.
- To make recommendations to the authority about the duties for which a travelling and subsistence allowance can be paid and as to the amount of this allowance.
- To make recommendations as to the amount of co-optees' allowances.
- To make recommendations as to whether the authority's allowances scheme should include an allowance in respect of the expenses of arranging for the care of children and dependants and if it does make such a recommendation, the amount of this allowance and the means by which it is determined.
- To make recommendations on whether any allowance should be backdated to the beginning of a financial year in the event of the scheme being amended.
- To make recommendations as to whether annual adjustments of allowance levels may be referred to an index, and, if so, for how long such a measure should run.
- To make recommendations as to which members of an authority are to be entitled to pensions in accordance with a scheme made under section 7 of the Superannuation Act 1972.
- As to treating basic allowance and special responsibility allowance as amounts in respect of which such pensions are payable.

Appendix 2

<u>Summary of Members Allowances</u>	<u>Proposed</u> £
Basic Allowance	1,848
Special Responsibility Allowances:	
Chairman	12,798
Vice Chairman (to include Chairing the Policy and Performance Committee)	6,399
Chairman – Human Resources Committee	6,399
Leader of Majority Party in Opposition	3,200
Co-optees Allowances:	
Governance Committee	
Chair of Governance Committee	3,296
Independent Members	1,648

Where there is no single majority party in opposition and there is equal representation of any opposition parties on the Joint Authority, the allowance payable to the Leader of the Majority Party in Opposition shall be shared equally between the Leader of the Parties who are so represented.

Carers Allowances:

Actual expenditure up to a maximum of £6.87 per hour

Travel Allowances:

Motor Cycle Allowance	24p per mile
Bicycle Allowance	20p per mile

Car Allowance:

45p per mile for first 10,000 miles and 25p thereafter
 Passenger Supplement 5p per mile for the Passenger
 (not exceeding 4)

Accommodation and Subsistence Allowances:

Overnight Accommodation - the allowance will not be claimable as an allowance as such, rather reasonable costs of an overnight stay (including breakfast) will be met for business class accommodation (3 star or 4 star) within and outside of London. Unless there are exceptional circumstances officers will book the accommodation direct selecting the most economic option available and utilising the established procurement arrangements in place. Where exceptional circumstances exist, these will be approved in advance by the Finance Officer and reasonable costs will be reimbursed subject to submission of receipts.

The above approach is proposed for dealing with overnight stays (including breakfast). The subsistence rates for other meals, where necessary, are still considered appropriate and would be in addition.

In the case of absence from the usual place of residence for a continuous period which exceeds 4 hours but does not involve an overnight absence, subsistence is payable as per the table set out below:

Breakfast Allowance	£5.91
Lunch Allowance	£8.13
Tea Allowance	£3.20
Evening Meal Allowance	£10.07

Reduction of Subsistence Allowance for Meals Provided Free of Charge:

Reduction for Breakfast provided	£5.91
Lunch provided	£8.13
Tea provided	£3.20
Dinner provided	£10.07

A contribution in excess of the above amounts can be made in exceptional extenuating circumstances. Such circumstances must be approved in advance by the Finance Officer.

