

County Council

21 January 2015



Members Allowances – Review of the Recommendation of the Independent Remuneration Panel for 2014/15

**Report of Corporate Management Team
Report of Don McLure Corporate Director of Resources
Councillor Simon Henig, Leader of Durham County Council**

Purpose of the Report

- 1 To advise Council to consider the views of the Constitution Working Group on the recommendations of the Independent Remuneration Panel for Members' Remuneration and Allowances for 2014/15, since the 2014/15 pay award for employees has now been agreed at 2.2% with effect from 1 January 2015.

Background

- 2 Under the Local Authorities (Member's Allowances) (England) Regulations 2003 ("the Regulations"), the Council must make a Scheme of Allowances in accordance with the Regulations, which provide for the payment of an allowance in respect of each year to each Member of the Council. This is referred to as "the basic allowance".
- 3 The scheme may also provide for the special responsibility allowances to such Members of the authority as are specified in the scheme and fit within one or more of the categories set out in the Regulations.
- 4 The Regulations also provide that before the beginning of each year, the authority shall review the scheme and before it confirms or amends the scheme, it shall have regard to the recommendations made in relation to it by the Independent Remuneration Panel. The scheme may be amended at any time and where an amendment is to be made which affects an allowance payable for the year in which the amendment is made, the scheme may provide for the entitlement to such allowance, as amended, to apply with effect from the beginning of the year in which the amendment is made.
- 5 Members may recall that at the meeting of Council on 26 February 2014, Council considered the report of the Independent Remuneration Panel for the year 2014/15.
- 6 Council decided to refer consideration of this report to the Constitution Working Group (CWG) to consider. CWG then decided to await the outcome of the employees pay claim for 2014/15 before considering the Panel's recommendations.

- 7 In November 2014, the Local Government Employers and the Trade Unions settled the 2014/15 pay claim and all employees earning £14,880 and above will receive a 2.2% pay increase from January 1 2015, with higher percentage increases for those earning less than this. The award will not be back-dated to 1 April 2014 and will run until 31 March 2016.
- 8 On 11 December 2014, CWG was invited to consider what recommendation it would wish to make to Council for Members Allowances for the year 2014/15 based upon the Independent Remuneration Panel's recommendations which are set out below:
- (i) that Members' car mileage travelling expenses should be paid at 48p per mile;
 - (ii) the basic Members Allowance should be increased by 1%;
 - (iii) there be no changes to the Special Responsibility Allowances.
- 9 A copy of the report that was considered by Full Council on 26 February 2014 is attached at Appendix 2 and it is a matter for the Council as to whether it wishes to accept the recommendations as set out above.
- 10 Although the Council is not constrained to either decline or accept the recommendations of the Panel and could choose alternative options, possible options for recommendations were put to CWG:-
- **Option one:** To make no changes to the Members Allowance Scheme for 2014/15;
 - **Option two:** To make no changes to the basic allowance, but agree changes to car mileage expenses to 48p per mile;
 - **Option three:** To agree an increase in the basic allowance of 1% and make no changes to the car mileage expenses;
 - **Option four:** To accept both the recommendations of the Panel by increasing the basic allowance by 1% and changing the car mileage expenses to 48p per mile.
- 11 After some deliberation, the CWG decided not to agree any recommendation for Full Council. The Group commented upon whether a mileage rate of 45 pence per mile may be appropriate, but ultimately decided that Council should be asked to consider the three recommendations as set out in paragraph 8.

Recommendations and reasons

- 12 Council is asked to:-
- Consider recommendations of the Independent Remuneration Panel for Members' Allowances for 2014/15; and decide whether the Members Allowance Scheme should be amended in any way;

- Should any recommendations of the Independent Remuneration Panel be accepted, the effective date of implementation be considered.

Background Papers

- 13 Report to County Council 26 February 2014; Report of the Independent Remuneration Panel – Review of Members Allowance Scheme 2014-15; Report to County Council 29 October 2014, Members Allowances - Independent Remuneration Panel Recommendations for 2015/16

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Appendix 1: Implications

Finance – increasing Members Allowances by 1% would incur an increase in expenditure the region of £17,000 in a full year which could be met from within existing budget provision.

Staffing – none specific in this report

Risk - none specific in this report

Equality and Diversity/ Public Sector Equality Duty – none specific in this report

Accommodation – none specific in this report

Crime and Disorder – none specific in this report

Human Rights – none specific in this report

Consultation – none specific in this report

Procurement – none specific in this report.

Disability Issues – none specific in this report

Legal Implications – within the body of the report

County Council

26 February 2014

**Report of the Independent Remuneration
Panel – Review of Members Allowance
Scheme 2014-15**



**Report of Colette Longbottom, Head of Legal and Democratic
Services**

Purpose of the Report

- 1 To advise the Council of the review by the Independent Remuneration Panel of the Members Allowances Scheme for 2014/15.

Background

- 2 On 5 February 2014, the following Members of the Panel met to review the Members Allowance Scheme for 2014/15:-

Gill Stephenson
John Cuthbert
John Hitchman
Kate Welch

- 3 The Panel was advised that Members had been invited to submit representations both in writing and in person to the Panel. Two responses had been received.
- 4 One was from a Member who compared the basic allowance with the rate of pay for the lowest paid employees in the Council. This Member was of the view that the current allowances do not reflect the unsociable hours Councillors work, nor the impact of that work on their families. The Member providing this view also stated that it would be inappropriate to receive an increase in allowances whilst the Council is needing to make "drastic cuts and Officers of the Council are not receiving an increase in salary."
- 5 The Panel was also advised that one Member had made enquiries as to whether the allowances would provide for the financial loss incurred by employers, and had been advised that this was not a provision that the Regulations allowed.
- 6 The Panel was advised of relevant developments during the last year, including the 1% salary increase awarded to staff on JNC pay scales, and of

the impact on employees from the implementation of Job Evaluation with effect from 1 October 2012.

- 7 The report before the Panel also referred to the allowance to cover expenses of office for the Chairman and Vice-Chairman under the 1972 Local Government Act, and of how there was to be a proposal to Council to change the treatment of those allowances so that they were no longer paid in quarterly lump sums, but used instead to defray “out-of-pocket” expenses as they arise.
- 8 An update was provided to the Panel in relation to the formation of a Combined Authority with the seven north east councils including Durham. The Panel was advised that the authority was to be formed with statutory effect from 1 April 2014, but that final information about committees was still being formulated. It was understood that the Order creating the combined authority would not include provision of payment of allowances by that authority.

Allowance Scheme Generally

- 9 Members considered the Members Allowance Scheme in two stages:-

- (i) **Whether mileage rates should be reconsidered.**

At last year’s meeting of the Panel, it considered whether there should be parity between Members and Officers. It had noted the differences in treatment, but, on balance had formed the view that for that year, the arrangement should remain in place. Having further considered this position, the Panel was now of the view that the Members mileage should be the same as for employees, and was concerned that there was an underlying lack of logic in having separate treatment for the two groups.

It was understood by the Panel that the current mileage rate of 48p per mile for JNC employees had been negotiated as part of the Job Evaluation Scheme, and if changes were to be made for the start of the next financial year, then parity could be produced by changing the Members Allowance Car Mileage Scheme.

It is therefore a recommendation of the Panel that Members’ mileage allowance should be paid at 48p per mile irrespective of the engine size of the car, and should employee rates change in the future, Members rates should also change to the same rate at the same time.

- (ii) **The Allowance Scheme**

The Panel considered the Members Allowance Scheme in general and whether it should recommend changes.

In considering this, the Panel was made aware of arrangements in other councils. There was no consistent pattern where some councils

had increased allowances, some had reduced, and others had made no change.

The Panel was advised by the Corporate Director of Resources, of the financial position of the Council and of significant budget cuts that continue to be needed to be made in the next few years. The panel was of the view that austerity would be a continuing theme in local authority finances for the next few years. It was also aware of the outcome of the recent countywide consultation of the community in relation to budget priorities, and that increasing Members allowances had not been advanced by those consulted.

The countywide local elections took place in May 2013, and the Panel was aware that the demography of the Councillors had changed to some extent, including an increased number of younger Councillors and women. The Panel considered that the current allowances had not therefore appeared to have been a significant deterrent in attracting new Councillors to the role.

The Panel was, however, mindful of the fact that the allowances have been unchanged since Local Government Review in 2009. The value of those allowances has therefore suffered some significant erosion when taking into account inflation. It was the Panel's view that it was important that people from low incomes and different backgrounds should not be deterred from democratic representation due to lack of means. It was also the view of the Panel that there was no realistic correlation between the salaries of its staff and the allowances of its Members, the latter being of a voluntary nature rather than a contractual one. The Panel was not, therefore, minded to propose significant increases in allowances. It was, however, of the view that if there was to be no adjustment of allowances during the ongoing forecasted period of austerity, the value of the allowance would eventually be so diminished that it would not serve the purpose of aiding those with limited means to become involved in local democracy.

The Panel was also concerned that the continuing austerity within public sector spending would inevitably mean that the Council would have to make more and more difficult decisions about service provision and this would impact upon the workloads of Councillors. In short, it was likely that the workload of Councillors would increase, become more challenging, time consuming and challenging.

On balance, therefore, the Panel was of the view that a 1% increase in the basic allowance would be appropriate.

The main purpose behind this proposal is to not deter new involvement in democratic representation. For that reason, the Panel did not consider it appropriate to increase any of the special responsibility allowances as the roles qualifying for these allowances are usually held by experienced Councillors.

Members of the Panel were aware that this proposal to increase Members Allowances by 1% would incur an increase in expenditure in the region of £17,000 a year from 2014/15 which could be funded from forecasted budgets.

Recommendations and reasons

10 In conclusion, the recommendation of the Independent Remuneration Panel for 2014/15 is:-

- (iv) that Members' travelling expenses should be paid at 48p per mile;
- (v) the basis Members Allowance to be increased by 1%;
- (vi) there be no changes to the Special Responsibility Allowances.

Background Papers

Report of the Head of Legal and Democratic Services to the Panel dated the 5 February 2014.

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