

REVIEW OF MEMBERS' ALLOWANCES - 2018/19 AND 2019/20
REPORT OF INDEPENDENT REMUNERATION PANEL

1. Introduction and Background

1.1 The Local Government Act 2000, and subsequent Regulations, require Councils to establish and maintain an Independent Remuneration Panel which will broadly have the functions of providing an authority with advice on its allowances scheme, the amounts to be paid and to whom. The Council must have regard to the Panel's recommendations when determining its Allowances Scheme.

1.2 The Panel can meet and review allowances on an annual basis, or can recommend annual allowance adjustments by means of an index. The Panel would also need to meet to review allowances where the Council intends to make major changes to its Constitution and/or political management arrangements.

2. The Panel

2.1 For the purpose of this year's review, the Panel comprised:-

- Mrs Jane Winstanley, M.B.E. - retired, independent Chair - who has served on the Panel since its original inception;
- Mr Michael Paget-Wilkes - the independent person who assists the Monitoring Officer in the consideration of Code of Conduct complaints relating to district/parish/town councillors;
- Mr Simon Harper - Head of Democratic Services, Gloucestershire County Council - who has also served on the Panel since its original inception.

2.2 The terms of reference for the Panel were as follows:-

- (1) To review the current level of allowances and expenses paid to elected Members;
- (2) to advise the Council on appropriate allowances for Councillors;
- (3) to take account of similar functions elsewhere;
- (4) to take account of the role of Councillors and, in particular, the 'public service' nature of the role;

- (5) to take account of the differing levels of involvement and responsibilities of Councillors;
- (6) to review the methodology used in determining allowance payments, including the formula for escalation of allowances.

2.3 The aims of the Panel were as follows:-

- (1) To be objective;
- (2) to be impartial;
- (3) to ensure that any scheme was easily understood, easily administered, and transparent.

3. The Review Process and Work Undertaken by the Panel

3.1 In its work, the Panel had regard to the following:-

- (1) Government Guidance on Members' Allowances
- (2) The Local Authorities (Members' Allowances) (England) Regulations 2003
- (3) Cotswold District Council Political Management Structure
- (4) Terms of Reference of Cabinet and Committees, and Cabinet Member remits/responsibilities (including decision-making by individual Cabinet Members)
- (5) Existing Allowances Scheme for Cotswold District Council; and details of the CDC Basic Allowance figures since 2003/04
- (6) Comparator data from other Authorities, including on a County and Regional basis; and also in respect of CIPFA Nearest Neighbour Family Members.

3.2 To assist with the review, all Councillors were consulted via questionnaire. A total of 22 replies were received from Members, and the Panel received copies of all returns. In addition, ten interviews were planned, across a cross-section of Members (e.g. party, role) - many more Members had offered to be interviewed. Nine interviews were carried out; and the other planned interviewee (who had been unable to attend due to unforeseen circumstances) provided a further written submission. The Panel would like to thank Members for their involvement in the review, in particular those who attended an interview.

3.3 The Panel held one formal meeting, at which it reviewed the various elements of the Council's existing scheme and its methodology in the light of the questionnaire responses, the interview and additional written submissions, and the comparator data.

3.4 In undertaking its work, the Panel has not been fettered by any financial constraints or otherwise imposed by the Council. The Panel was not advised either prior to, during or after its deliberations of the financial provision made by the Council in respect of Members' Allowances.

4. Time Commitment and The Voluntary Principle

4.1 The Panel noted that, in the past, the basic allowance had been calculated having regard to an expected minimum time input; together with the notion of the voluntary principle that had been introduced previously, in order to underpin the fact that Councillors serve out of a sense of public duty and are not in the commercial market place in the traditional sense.

4.2 The Panel accepted that it was for individual Councillors to decide how much time they wished, or indeed were able, to give; and an evaluation based purely on hours was not robust. In addition, Special Responsibility Allowances sought to reflect not only increased responsibilities but also a likelihood of greater time requirements.

4.3 Whereas previous schemes had been underpinned by the notion of a voluntary principle, the Panel felt that it was now well recognised and accepted that serving councillors should be appropriately recompensed for that service and not have their allowances reduced by a form of 'public service discount' (albeit that the roles should not be compared to salaried positions). When viewed alongside the fact that allowances had not been increased since 2018, the Panel did not consider that the voluntary principle should continue to be applied.

4.4 Subject to the above, the Panel was generally content with the structure of, and methodology used for, the scheme.

5. The Basic Allowance and Possible Annual Adjustment

5.1 The basic allowance is intended to recognise the time commitment of all Councillors, including such inevitable calls on their time at meetings with officers and constituents, and meeting attendance. Paid at a flat rate the basic allowance is also intended to cover costs such as telephone calls, postage, travel costs of journeys not eligible for payment and other incidental costs such as the use of their homes.

5.2 The Panel also noted that some Members still considered that a basic allowance of £4,000 was reasonable, particularly as there had been an increase as a result of last year's review.

5.3 The Panel's major concern is the fact that the level of Basic Allowance has fallen well behind the average, having remained unchanged for what is now its eleventh year.

5.4 It is noted that the Basic Allowance had initially been set at £3,600 per Member per annum (in 2002/03); had remained at that level for three years; modest increases had been applied for 2006/07 (£200), 2007/08 (£100) and 2008/09 (£100); and that since that time, i.e. since April 2008, the Basic Allowance has remained unchanged at £4,000 per Member per annum.

5.5 Against this background, the Panel believes that an increase is now critical - CDC rates have fallen well behind the average; and it is considered that any continued freeze will only exacerbate the position and make future increases more difficult. The Panel is also mindful of the significant reduction in councillor numbers in 2015 (44 to 34) which led to each councillor representing a higher number of electors and, in many cases, an enlarged geographical area comprising more parishes.

5.6 It is acknowledged that, on some occasions, Councillors felt unable to award themselves any increases when staff were the subject of a pay freeze. However, staff have benefitted from pay increases from 2016, and a further award has been agreed for 2019/20. Furthermore, since April 2008, the average RPI figure has increased in the region of 3.2% per annum; and CPI has increased by around 2.3% per annum.

5.7 The Panel's recommendations provide for an increase for the current councillors, to be backdated for the current year; and a further increase for the first year of the new Council term (2019/20).

5.8 The Panel strongly believes that remuneration of Members should be set at a level such that no individual or sector of the community is discouraged from serving as a councillor; and to enable the Council to attract a wide range of people as potential members.

5.9 Subject to the recommended increases being applied, the Panel considers that an annual increase should then be applied, in line with an agreed index/measure (e.g. CPI or staff pay award). This would apply to the remaining three years of the Council term; with the Panel then conducting a comprehensive review in the final year of the term, with changes to be effective from the first year of the following term. Notwithstanding this, the Panel will conduct a light-touch annual 'sense-check' of the allowances; and, if there is a significant change in structure, will bring forward its comprehensive review.

5.10 It is therefore recommended that the basic allowance be increased as follows:-

(a) for 2018/19 - £4,500 per annum per councillor (backdated to 1/4/18);

(b) for 2019/20 - a minimum of £5,000 per annum per councillor (although the Panel believes that an increase to £5,500 could be justified);

(c) for 2020/21, 2021/22, 2022/23 - the Basic Allowance to be increased annually in line with an agreed measure - CPI or staff pay awards.

6. Special Responsibility Allowances

6.1 The Panel was reminded that, under the Regulations, the Council could provide for Special Responsibility Allowances (SRAs) in addition to the entitlement of basic allowance for those Councillors who had significant responsibilities.

6.2 The Panel noted that some Members had commented on the levels of some SRAs; and others had done so on the differentials between some of the SRAs, particularly in relation to Cabinet Members and the levels of individual decision-making.

6.3 The Panel feels that the range of SRAs applied, and the multipliers currently used, remain largely valid, but recommend the following two changes:-

- to increase the multiplier for the Chairman of the Overview and Scrutiny Committee to 1 - to reflect the changing role of that committee and the hope that it would continue with a more pro-active approach;
- to increase the multiplier for the minority group leader(s) to 1; with the division of such sum (in the event of there being more than one minority group) being proportionate to the number of members in each minority group - to reflect the fact that shadow appointments are not made.

6.4 It is therefore recommended that:

(a) Special Responsibility Allowances be applied as follows:

Role	Multiplier
Chairman of Council	1
Vice-Chairman of Council	0.5
Leader of the Council	3
Deputy Leader of the Council	2
Other Cabinet Member	1.5
Chairman of Planning and Licensing Committee	1.5
Vice-Chairman of Planning and Licensing Committee	0.5
Chairman of Audit Committee	0.5
Chairman of Overview and Scrutiny Committee	1
Leader(s) of registered minority political groups *	1

(* with the division of such sum (in the event of there being more than one minority group) being proportionate to the number of members in each minority group - to reflect the fact that shadow appointments are not made)

(b) no one Member should be entitled to receive more than one Special Responsibility Allowance;

(c) a majority of Councillors should not be in receipt of special responsibility allowances at any given time.

7. Other Allowances

7.1 The Panel is content with the current arrangements in respect of mileage; fares/parking; child care; dependant care; and co-optees.

7.2 The Panel believes that the process relating to the **subsistence allowance** is complicated given the number of claims made; and that some rates are out-of-date. Accordingly, and having regard to schemes applied elsewhere, the Panel has sought to simplify things, with the reimbursement of reasonable subsistence costs (on presentation of receipts) for approved duties where no food is provided. In addition, there would be no reimbursement for meetings at council offices; conference costs would be covered as for other claims; and no alcoholic drinks could be claimed for.

7.3 Insofar as the **ICT Allowance** is concerned, the Panel notes that there is a difference of opinion amongst Members over a financial payment (which then enabled Member choice in ICT procurement) and direct provision by the Council. The Panel feels that it should review the situation following the outcome of the review of Members' ICT (on the understanding that should a payment continue to be made, the current sum is inadequate).

7.4 It is therefore recommended that, subject to the change to the subsistence allowance set out in paragraph 7.2 above, the other allowances remain unchanged (it being noted that the ICT Allowance for Members will be the subject to further review/recommendation in due course).

8. Approved Duties

8.1 The Panel feels, particularly with the operation of Cabinet governance, that the representational role of the councillor is paramount - particularly as a two-way communications channel.

8.2 In this regard, the Panel is of the view that regular attendance at local council meetings should be encouraged (acknowledging that it is not a legal requirement); and that mileage should be claimable for such attendance (unless the District Councillor is also a member of the local council concerned).

8.3 This is the only change recommended to the current list of approved duties.

8.4 It is therefore recommended that, subject to the change set out in paragraph 8.2 above, the current list of approved duties be retained.

9. Implementation

9.1 The Panel is satisfied that, in the light of the information available, its recommendations are appropriate and reasonable.

9.2 It should be emphasised that a Councillor may, by notice in writing, elect to forego any part of his or her entitlement to an allowance under the scheme.

10. Conclusions

10.1 The Panel commends to the Council the various recommendations made in this report. The allowances scheme is intended to be a comprehensive package and the Panel would request that the Council considers the scheme as a whole, particularly given the method by which it has been arrived at. If the Council, due to budgetary or other pressures, feels that it needs to reduce the overall financial implications, the Panel would strongly recommend that the Council considers a proportionate decrease across the whole range of allowances rather than select individual elements to be reduced.

10.2 Finally, the Panel would like to thank the Council for inviting it to undertake this exercise, which has proved both stimulating and interesting. In particular, the Panel would like to pass on its thanks to all the Councillors who responded to the original questionnaire, and the Officers in providing the necessary background information to allow the Panel to come to its conclusions.

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