

**COUNCIL
3 DECEMBER 2003**

**LOCAL AUTHORITIES (MEMBERS ALLOWANCES) (ENGLAND) REGULATIONS 2003
REVIEW OF MEMBERS' ALLOWANCES
(Director of Corporate Services –Democratic Services)**

1 INTRODUCTION

- 1.1 The Local Authorities (Members Allowances) (England) Regulations 2003, were made by the Secretary of State in May 2003 to give effect to provisions contained in the Local Government Act 2000. The Regulations require each authority in England to appoint an independent remuneration panel to provide the authority with advice on making a new scheme of members' allowances, the amounts to be paid and the pensionability of allowances where relevant. Authorities are required to have regard to this advice when deciding on their scheme of allowances.
- 1.2 The Independent Remuneration Panel met during October and November 2003. The Panel's report and recommendations is attached as Annex 1 to this report.

2 RECOMMENDATION

- 2.1 **The Council is asked to consider the report and recommendations of the Independent Remuneration Panel set out in Annex 1 and to approve the recommendations made by the Panel and summarised in 4.3 below.**
- 2.2 **Subject to approval of the recommendations of the Independent Remuneration Panel, the Council is also invited to resolve:**
- (i) that the revised Scheme of Members' Allowances (Annex 2) be approved**
 - (ii) that the civic dignitaries allowances paid to the Mayor and Deputy Mayor be set at £10,967 and £3,655 respectively, with effect from 21 May 2003, as described in paragraph 4.6 and that these allowances be indexed from the annual meeting each year, on the same basis as Members' Basic and Special Responsibility Allowances.**
 - (iii) that members of Education Appeal Panels appointed by the Clerk to the Appeal Panel be entitled to claim travel allowances at the rates provided for in the revised Scheme of Members Allowances.**

3. ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS

Borough Finance Officer

- 3.1 Based on the current member's responsibilities, the impact of these proposals on Members and Mayoral Allowances will cost a further £54,000 than currently budgeted

in 2003/04. The full year effect in 2004/05 would be £60,000 rising to £77,300 more than included in the current base budget, after allowing for inflation estimated at 3%.

- 3.2 The proposal for Councillor's pensions is more difficult to estimate as the cost depends on which members are eligible and, of these, who elects to take up the option. At this stage it is estimated that if all members took up the option, the maximum cost to the Council would be £11,200 this year. The full year effect in 2004/05 would be £49,000 rising to £50,500 after allowing for inflation at 3% and the planned increase in the employer's contribution rate.

Borough Solicitor

- 3.3 Nothing to add to the report.

Access Implications

- 3.4 There are no direct access implications arising from this report.

4. SUPPORTING INFORMATION

- 4.1 At its meeting on 25 June 2003 the Council approved arrangements for the establishment of an independent remuneration panel to advise the Council on a review of the Scheme of Members' Allowances. At that time the deadline for introducing a new scheme of allowances under the Regulations was 30 September 2003. However, the government guidance on the regulations was not produced until July 2003 and accordingly the government revised the deadline to 31 December 2003, with the proviso that payments of amended allowances could be backdated to the start of the year.
- 4.2 The Council appointed Dr Declan Hall of the Institute of Local Government Studies, University of Birmingham, to lead the review and chair the independent remuneration panel. Dr Hall has been involved in a large number of allowances reviews and is recognised nationally as the leading academic working in this field. The Panel's report is attached as Annex 1. This provides a summary of recommendations and also explains the methodology, principles and rationale used by the panel in arriving at its recommendations. The report provides a robust basis for a revised scheme of allowances and frames a set of principles that should also serve as the foundation for any future review. It is commended to the Council.

Statutory Guidance

- 4.3 In all its deliberations the Independent remuneration Panel has had regard to the Guidance on Consolidated Regulations for Local Authority Allowances published by the Office of the Deputy Prime Minister in July 2003. The guidance is attached as Annex 3. Those elements that constitute *statutory guidance* are indicated in bold type within Annex 3. It is to these paragraphs that the Council must have regard in setting its scheme of allowances.

The Panel's recommendations

- 4.4 The Panel's recommendations are summarised in full in pages 7-11 of the Panel's report (Annex 1 enclosed separately). The recommendations cover six main areas.

- (i) **Basic Allowance**
Each authority is required to make provision in its scheme for a basic flat rate allowance payable to all members of the authority. The allowance must be the same for each member. The Panel has recommended an increase in this allowance to £7,500, backdated to 1 May 2003, when the present Council was elected.
- (ii) **Special Responsibility Allowances**
The current scheme provides for payment of special responsibility allowances (SRAs) to those councillors who have significant additional responsibilities. The Panel has considered which posts should receive SRAs and the level at which they should be paid, as set out in the report. The Panel has recommended that the new levels of allowances be backdated to 21 May 2003, which is the date of the Annual Council meeting when members were appointed to these posts.
- (iii) **Councillors Pensions**
The Local Government Act 2000 granted powers to the Secretary of State to make provision for the payment of pensions to members of local authorities. Those provisions, applying to members under the age of 70, were set out in the Local Government Pension Scheme and Discretionary Compensation Regulations 2003. The Regulations also empowered independent remuneration panels to determine which members of a local authority should be eligible to join the Local Government Pension Scheme and which of their allowances should be treated as pensionable remuneration. The Panel has recommended that all Members should be eligible to join the pension scheme and that all allowances should qualify as pensionable remuneration.
- If the Council adopts this recommendation it will be for individual Members to decide whether to join the scheme. The Berkshire Pension Fund has produced a comprehensive booklet outlining the benefits available to Councillors who opt to join the scheme, copies of which are available to Members through the Borough Personnel Manager.
- (iv) **Travel and Subsistence Allowances**
The level of Members' Travel and Subsistence is now a matter for the discretion of each authority. The Panel has set out a number of recommendations in its report and these are reflected in the draft revised Scheme of Allowances. These broadly put Members' travel and meal allowances on a par with those agreed for officers by the National Joint Councils.
- (v) **Dependent Carers' Allowance**
The Panel has supported the continuation of the current Dependant Carers Allowance, which enables Members to claim for the cost of care for their dependants while they are on approved duties.
- (vi) **Co-optees Allowance**
The new Regulations enable authorities, for the first time, to make provision on the scheme of members allowances for payment of a co-optees allowance to any co-opted and appointed members of the council's committees and sub committees. The Panel has recommended a nominal allowance be paid to the 'statutory co-optees' i.e. those appointed by the Council in pursuance of a statutory or regulatory requirement. At the present time these posts comprise the diocesan and parent governor representatives on the Public Scrutiny

Commission and its sub groups; and the independent members of the Standards Committee. The remaining co-opted members, such as the Tenant's Panel representative on the Health, Social Care and Housing Scrutiny Panel, shall be entitled to claim travel allowances only.

4.5 A draft Scheme of Members Allowances is set out in Annex 2, attached. This reflects all of the Panel's recommendations and also provides for the following:

(a) **Renunciation**

The Scheme is required to 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 Democratic Services Manager.

(b) **Part-Year payments**

The Scheme provides for circumstances where a person becomes eligible, or ceases to qualify for an allowance at some point other than the start of the year.

(c) **Suspension**

The Panel has recommended that the Scheme includes a new clause, enabled by the 2003 Regulations, providing for the withdrawal of allowances where a Member has been wholly or partially suspended because of a breach of the Members' Code of Conduct.

(d) **Annual Adjustments**

The Regulations provide that the scheme of allowances may make provision for an annual adjustment to be ascertained by reference to an index specified by the authority. The index is not allowed to operate for more than four years before a further recommendation on it is sought from the independent remuneration panel. The Panel has recommended that basic, special responsibility and co-optees allowances should be increased by the annual local government pay increase as agreed each April (linked to spinal column point 49), to be paid from the date of the next following Annual Council Meeting, commencing in 2004. As the Panel's recommendations include back-dating revised allowances to May 2003, the allowances set out in the scheme will be revised from the annual meeting 2004, in accordance with this index. There will need to be a further review of the Scheme and of the index by no later than 1 May 2007.

Related Matters

4.6 The Council is invited to consider two further matters, which are related to the allowances scheme but outside the remit of the independent remuneration panel. These are the allowances paid to the Mayor and Deputy Mayor and to members of education appeal panels, which are addressed below.

Mayor and Deputy Mayor

4.7 The Council is empowered under s3(5) and s 5(4) of the Local Government Act 1972 to pay to the Mayor and Deputy Mayor an allowance which it thinks reasonable for the purposes of meeting the expenses of those offices. This is often known as 'civic dignitaries allowance'. These allowances do not fall within the remit of the independent remuneration panel and the level at which they are set is a matter for the Council to determine. The Council last adjusted these allowances in 1998, when they were set at £10,189 and £3,396 respectively. The Members Allowances Sub

Committee during the 2001 review considered the allowances paid to the Mayor and Deputy Mayor but decided that they remained appropriate at that time. If the Council wishes to consider an increase to these allowances at this time it would be appropriate to adopt the same approach as recommended by the Panel for members' allowances generally, i.e. to increase the allowances to keep pace with local government pay increases since 2001. This approach would provide new allowances for 2003/04 of £10,967 for the Mayor (£10,189 +4%+3.5%= £10,967) and £3,655 for the Deputy Mayor (£3,396 +4%+3.5% = £3,655).

Members of Education Appeals Panels – Travel allowances

- 4.8 The Democratic Services Manager, as Clerk to the Appeals Panels, is responsible for appointing suitably qualified people to serve as members of independent panels to hear school admission and exclusion appeals. Payments to these persons do not fall within the provisions of the Local Government Act 2000 but are made under s174 of the Local Government Act 1972. Current practice is for these persons to receive travel allowances at the same rates as Members. It is proposed that this should continue, using the travel allowances provided for within the new Scheme. The Council is requested to approve this arrangement.

Publicity Arrangements

- 4.9 In accordance with the Regulations, public notice was given on 20 November regarding the receipt of the report of the Independent Remuneration Panel and copies of the report have been available for public inspection since that date. As soon as practicable following the Council's decision on its new Scheme of Allowances, a further public notice will be published setting out the main features of the scheme. Copies of the scheme will be available for public inspection at Easthampstead House and will be posted on the Council's website.

Parish Councils

- 4.10 The Panel has also acted as Parish Remuneration Panel and has issued specific responses to requests for guidance from Crowthorne Parish Council and to Bracknell Town Council. The Panel will also, by the end of this year, issue a general report to the six local councils in Bracknell Forest to cover any likely query that may arise in the future regarding payments to parish councillors.

Background Papers

Published works only

Contact for further information

Peter Driver (01344) 352260

peter.driver@bracknell-forest.gov.uk