



Report for:	Finance and Resources Overview and Scrutiny Committee
Date of meeting:	7 February 2017
Part:	1
If Part II, reason:	

Title of report:	REPORT BY THE INDEPENDENT REMUNERATION PANEL 2016 - MEMBERS' ALLOWANCES FOR DACORUM BOROUGH COUNCIL
Contact:	Katie Mogan – Member Support Officer Jim Doyle - Group Manager, Democratic Services Mark Brookes – Solicitor to the Council and Monitoring Officer
Purpose of report:	To formally receive the proposals of the Independent Remuneration Panel 2016 for a revised Scheme of Members' Allowances.
Recommendations	It is requested that the Committee: <ol style="list-style-type: none"> 1. Considers the report of the Independent Remuneration Panel following its review of the Council's existing Members' Allowances Scheme. 2. Decides whether or not it wishes to make comments to Cabinet on the recommendations suggested by the Independent Remuneration Panel in its report Annex A
Corporate objectives:	The role of Local Councillor is a major part of Dacorum Borough Council's delivery of an efficient, effective and modern Council. As such the remuneration that councillors receive should reflect this central role and assist in attracting the calibre of Council Member the residents of Dacorum deserve.
Implications:	<u>Financial</u> The estimated cost of the IRP recommendations is £386,707 for the Financial Year 2017/18.
'Value for money' implications	The above figure is an increase of £10,427 from the estimated cost of £376,280 for the Financial Year 2015/16 due to the proposal to implement a 2.1% budget increase to the scheme of allowances (Basic Allowance and Special Responsibility Allowances) as recommended by the Independent Remuneration Panel. (See note 4.1 below)

Risk implications	<p>This is an opportunity for the Council to develop conditions that encourage participation in the democratic process and contribute to its strategies for engaging with and empowering the community.</p> <p>Failure to produce a relevant and appropriate Member Allowances Scheme could have an impact on the calibre and performance of Members.</p>
Community Impact Assessment	
Health and safety Implications	None
Consultees:	<ul style="list-style-type: none"> • The Independent Remuneration Panel • Members
Background papers:	The Report of the Independent Remuneration Panel (Annex A)
Historical background <i>(please give a brief background to this report to enable it to be considered in the right context).</i>	The Local Authorities (Members Allowances) (England) Regulations 2003 (as amended) requires the Council to put in place a policy for members' allowances. Before it can agree the policy, the Council is required to have regard to the views and recommendations of an Independent Remuneration Panel (IRP)
Glossary of acronyms and any other abbreviations used in this report:	<p>IRP – Independent Remuneration Panel</p> <p>BA - Basic Allowance</p> <p>SRA - Special Responsibility Allowances</p> <p>LGPS - Local Government Pension Scheme</p> <p>HMRC - Her Majesty's Revenue and Customs</p>

Background

1. The Local Authorities (Members Allowances) (England) Regulations 2003 (as amended) require the Council to put in place a scheme for members' allowances. Examples of these allowances are:
 - The Basic Allowance (BA)
 - Special Responsibility Allowances (SRAs)
 - Dependent Carers Allowance
 - Travel and Subsistence Allowances
 - Co-optees Allowances
 - Any arrangements to backdate allowances
 - Any arrangements to withhold or recover allowances in the event that a member is suspended or disqualified

- Arrangements (if any) to make Basic or Special Responsibility Allowances pensionable under the Local Government Pension Scheme (LGPS).

2. Independent Remuneration Panel 2016 - Summary of Proposals

Before it can agree a new scheme, the Council is required to have regard to the views and recommendations of an Independent Remuneration Panel (IRP) on all of the above issues. This Panel duly met on 5 and 8 December 2016 and its conclusions and recommendations are summarised below. The full report is attached at Annex A.

3. Conclusions

In light of the interviews with several Councillors, in conjunction with the results of the survey developed by the IRP group, the IRP drew the following conclusions:

- The existing Scheme appears to be working satisfactorily.
- The current Scheme should remain in place for the Financial Year commencing April 1st 2017.
- There was agreement that Councillors Basic Allowance and Special Responsibility Allowances should increase by 1% which was the CPI inflation figure for September 2016. This increase will be effective as of 1st April 2017.
- The Basic Allowance and Special Responsibility Allowances should increase by the same percentage as CPI on 1st April 2018, 2019 and 2020.
- The Dacorum Councillors' Basic Allowance has not been increased since 2008 and has fallen below the average for other Hertfordshire Borough Councils. The IRP therefore recommends that, in addition to the 1% mentioned above, the Basic Allowance be increased by £55 per year for the next four years to bring it up to the average allowance paid by other Hertfordshire Borough Councils (which is currently £5,169). The additional £55 should also be increased annually in line with the CPI figure used for the Councillors Basic Allowance. This will result in a total increase of 2.1% from 1st April 2017 in the Councillors Basic Allowance and Special Responsibility Allowances.
- The results from the questionnaire sent out to Members better enable the Independent Remuneration Panel to understand the workings of the council and the member's views on the issues the IRP was asked to explore, are shown at Appendix A
- 45% (23 out of 51) of councillors responded to the questionnaire this year.
- The Panel appreciated the opportunity to meet with a number of councillors and feel it is important to ensure that the panel sees a diverse cross section in future, especially the councillors to whom the allowances matter the most.

4. Proposed Allowances and Expenses

Basic Allowance (BA) and Special Responsibility Allowances (SRAs)

The Council is requested to approve the changes to the existing scheme of allowances for Councillors as set out below, the revised allowances, if approved, to be effective from 1st April 2017 and backdated where applicable.

The estimated cost of the IRP recommendations is £386,707 for the Financial Year 2017/18.

- 4.1 Wishing to recognise the contribution the Councillors make a 2.1% increase to the Basic Allowance (BA) payable to all Councillors is proposed. The 2.1% consists of 1% from the CPI September inflation figure and 1.1% for an additional £55 increase every year for the 4 year duration of this report to bring the Dacorum BA up to average for Hertfordshire Borough Councils. The average Hertfordshire Borough Council BA was calculated by the IRP by removing the two highest and two lowest Hertfordshire Borough Council BAs and averaging the BA from the remaining six Borough Councils. The BA will increase from £4,951 to £5,055 on 1 April 2017.
- 4.2 The indexing arrangement whereby the allowances are increased annually should use the Consumer Price Index (CPI) using the figure for the month of September.
- 4.3 The Basic Allowance paid to Dacorum Councillors should be benchmarked annually against the Basic Allowance paid by other Hertfordshire Borough Councils to ensure that the Dacorum Basic Allowance stays at least at the average Basic Allowance for the Hertfordshire Boroughs based on the calculation listed in point 1 above. This is to ensure that Councillors are at least financially compensated for any costs they incur when performing their duties and encourage diversity of future Councillors so as to represent the population of Dacorum.
- 4.4 Special Responsibility Allowances (SRA) should continue to be calculated as multiples of the Basic Allowance, thus representing a 2.1% increase.
- 4.5 Having spoken to Councillors and support staff the IRP recommend that the Special Responsibility Allowance for Chairman of the Audit Committee be increased from a BA Multiplier of 0.5 to a BA Multiplier of 1. This is in recognition of the increased demands on and work load of the Audit Committee.
- 4.6 No member of the Council should be entitled to receive more than one of the SRAs listed above (in addition to their BA).

4.7 The following SRAs should be paid:

Role	BA Multiplier	SRA 2017/18	Number payable	Total Cost
Leader	3	15,165	1	15,165
Cabinet members(* see note 23 above)	2	10,110	5*	50,550
Cabinet Support Officer	1	5,055	1	5,055
Chairman of Development Control Committee	1	5,055	1	5,055
Chairman of Licensing and Health and Safety Enforcement Committee	1	5,055	1	5,055
Chairman of Licensing and Health and Safety Enforcement Sub Committee Or, and only if this allowance is unclaimed, Vice Chairman of Licensing and Health and Safety Enforcement Committee	0.50	2,527.50	1	2,527.50
Chairman of Appeals Committee	1	5,055	1	5,055
Vice Chairman of Appeals Committee	0.50	2,527.50	1	2,527.50
Chairman of Audit Committee	1	5,055	1	5,055
Chairman of Overview and Scrutiny Committees	1	5,055	3	15,165
Vice Chairmen of Overview and Scrutiny Committees	0.50	2,527.50	3	7,582.50
Vice Chairman of Development Control Committee	0.50	2,527.50	1	2,527.50
Chairman Standards Committee	0.25	1,263.75	1	1,263.75
1 st Opposition Group Leader	1.25	6,318.75	1	6,318.75

- 4.8 No member of the Council should be entitled to receive more than one of the SRAs listed above (in addition to their BA).
- 4.9 The Council's existing Care Allowances scheme should continue to operate in its current format for the financial year commencing 1st April 2014.
- 4.10 The Council's existing Care Allowances scheme should continue to operate in its current format for the financial year commencing 1st April 2017.
- 4.11 The scale of rates for Subsistence allowances remains the same as those, which the Council currently pays.
- 4.12 The mileage payments made in respect of all "approved duty" journeys undertaken by members in their own vehicles continues to be kept in line with the per mile operating cost of the vehicle concerned determined by the Her Majesty's Revenue and Customs (HMRC). The HMRC approved Mileage rate for cars is 45p.
- 4.13 When Councillors use public transport in connection with an approved duty, they are entitled to claim the standard class fare in respect of such journeys.
- 4.14 The IRP recommend that co-opted committee members continue to be paid an allowance for the time they spend in meetings. The allowance for co-opted members of any committee, who are not Chairman of the Committee, should be increased to £400 p.a.

We understand that there are no current plans to co-opt a person to chair a committee. Should such a co-option be made in the future we propose that the co-opted chairman's allowance should be 0.5 of a councillor's basic allowance

- 4.15 It is recommended, should there be any significant deviation in circumstances during the 4 year duration of this report, that the IRP be given a further opportunity to review the scheme. These deviations could include changes in the Basic Allowances of other Hertfordshire Borough Councils affecting the average allowance calculation, variations between the CPI linkage for Basic Allowance increase and council staff pay rises or underlying national economic circumstances. Should any of these circumstances occur then we recommend that the IRP reviews the current arrangements.

5. IMPLICATIONS

Adoption of the Independent Remuneration Panel recommendations in full would entail a minimal increase in the cost of the Scheme of Members' Allowances.

5.1. Basic Allowance

A 2.1% increase to the Basic Allowance (BA) payable to all Councillors is proposed. The 2.1% consists of 1% from the CPI September inflation figure and 1.1% for an additional £55 increase every year for the 4 year duration of this report to bring the Dacorum BA up to average for Hertfordshire Borough

Councils. The BA will increase from £4,951 to £5,055 for each member giving an overall increase of £5,304 (from £252,501 to £257,805).

5.2. Special Responsibility Allowance

The Special Responsibility Allowances (SRA) should continue to be calculated as multiples of the Basic Allowance, thus representing a 2.1% increase. The SRA budget will increase from £123,779 to £128,902.50 giving an overall increase of £5,123.50.

The table below sets out a comparison between the current SRA payments and how it would be affected by the proposals of the Independent Remuneration Panel from April 2017.

Role	Current allowance	IRP proposed Annual allowance from 01.04.17
Leader of Council	14,853	15,165
Cabinet members (5) – (see note 4.6)	49,510	50,550
Cabinet support member	4,951	5,055
Chairman of Development Control Committee	4,951	5,055
Chairman of Licensing and Health and Safety Enforcement Committee	4,951	5,055
Chairman of Licensing and Health and Safety Enforcement Sub Committee Or, and only if this allowance is unclaimed, Vice Chairman of Licensing and Health and Safety Enforcement Committee	2,476	2,527.50
Chairman of Appeals Committee	4,951	5,055
Vice Chairman of Appeals Committee	2,476	2,527.50
Chairman of Audit Committee	2,476	5,055
Chairmen of Overview & Scrutiny Cttes (3)	14,853	15,165
Vice Chairmen of Overview & Scrutiny Cttes (3)	7,428	7,582.50
Vice Chairman of Development Control Ctte	2,476	2,527.50
Chairman of Standards Committee	1,238	1,263.75
1 st Opposition Group Leader	6,189	6,318.75
2 nd Opposition Group Leader - It was agreed by Full Council that an Opposition Group Leader must be leading a group of 5 not 2 (as at that time)	0	0
Total	£123,779	£128,902.50

(Note:

This figure is a maximum as some Special Responsibility Allowances are not paid because no Member of the Council is entitled to receive more than one of the SRAs listed above (in addition to their BA).

- 5.3. As far as the Basic Allowance and Special Responsibility Allowance is concerned the effect of implementing the Independent Remuneration Panel recommendations will be a net increase of £11,404

5.4 Travel Allowances

No change is proposed to the existing scheme of subsistence allowances or the indexation methods. However, the Panel recommend that the mileage payments made in respect of all “approved duty” journeys undertaken by members in their own vehicles be kept in line with the current per mile operating cost of the vehicle concerned determined by the Her Majesty’s Revenue and Customs (HMRC). (Changes in line with HMRC approved rates can be made without reference back to the IRP).

6. Status of the Independent Remuneration Panel Recommendations

- 6.1 In setting its new Scheme of Members' Allowances the Council must 'have regard' to the proposals of the Independent Remuneration Panel. However, should the Council decide not to implement the panel's recommendations it must provide adequate reason for any alternative option decided upon.
- 6.2 The Panel recommends that Councillors should not be given the option of joining the Local Government Pension Scheme.

7. Timetable for Implementation/Next step

The existence of the report from the Independent Remuneration Panel must be made public and the summary of its conclusions published.

Any Comments referred from the Finance and Resources Overview and Scrutiny Committee on 7 February 2017 will be considered by Cabinet at its meeting on 14 February 2017 and, if it considers the Independent Remuneration Panel's recommendations are reasonable and entail only minor changes to the structure of the current Scheme, then it may offer its conclusions direct to Full Council (on 22 February 2017) – who are the final decision making body on the scheme - to be adopted with effect from 1st April 2017.