



**SCRUTINY COMMISSION - 13 NOVEMBER 2014**

**SUPPLEMENTARY AGENDA**

8. MEMBERS' ALLOWANCES (Pages 1 - 8)

Report of the Deputy Chief Executive (Corporate Direction). The Chairman has agreed to take this as an urgent item to enable the Scrutiny Commission to discuss prior to decision by Council on 16 December.

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## SCRUTINY COMMISSION – 13 NOVEMBER 2014

### REPORT OF THE INDEPENDENT REMUNERATION PANEL ON MEMBERS' ALLOWANCES REPORT OF THE DEPUTY CHIEF EXECUTIVE (CORPORATE DIRECTION)

#### WARDS AFFECTED: ALL WARDS

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#### 1. PURPOSE OF REPORT

- 1.1 To present the recommendations of the Independent Remuneration Panel with regard to Members' Allowances.

#### 2. RECOMMENDATION

- 2.1 Consideration be given to the report and recommendations of the Panel for referral to Council as outlined in paragraph 3.8.

#### 3. BACKGROUND TO THE REPORT

- 3.1 In accordance with the Local Authorities (Members' Allowances) (England) Regulations 2003 ("The Regulations"), local authorities must establish and maintain an Independent Remuneration Panel to provide the authority with recommendations on its remuneration scheme and the amounts to be paid to councillors.
- 3.2 Members allowances within Hinckley & Bosworth Borough Council have remained unchanged since 2005, despite a review in 2007 and 2013. The basic and special responsibility allowances for HBBC councillors are the lowest of all neighbouring and Leicestershire authorities.
- 3.3 During the debate on the Allowance Scheme in 2013, members acknowledged that an increase in the allowances was necessary due to the low rate, the increase in responsibility and workload of councillors and so as not to discourage new councillors. They generally felt, however, that in light of the economic climate, the pay freezes or low pay rises in public and private sector and the reduction in benefits to many residents, they could not accept an increase in the basic allowance and special responsibility allowance. They therefore did not accept an increase in the basic and special responsibility allowances, with the exception of the allowances for the Mayor and Deputy Mayor which were increased in line with the recommendations of the Panel.
- 3.4 In considering the above in 2013, it was requested that the allowances be reviewed again in 2014 to take effect on commencement of the new Council in May 2015.
- 3.5 In auditing the Members' Allowances Scheme in late 2013, the Internal Auditor recommended that the Independent Remuneration Panel meet again by autumn 2014 and at least annually thereafter.
- 3.6 A new Independent Remuneration Panel was therefore appointed following a recruitment process and met on 5 November to consider making recommendations to Council in relation to the Members' Allowances Scheme. The report of the meeting is attached as an appendix.
- 3.7 The recommendations of the Panel are the same as those put to Council in 2013, as the Panel felt that these allowances would form an appropriate base for future increases. The full financial implications are set out in section 4 below.

3.8 The Scrutiny Commission is recommended to endorse the recommendations of the Panel and refer to Council for approval in part or in its entirety. Should members wish, they have the option of requesting that the Panel reconvenes to reconsider any particular part of the scheme.

#### 4. FINANCIAL IMPLICATIONS (KP)

4.1 The full year impact of the proposed changes is £44,767 is summarised in the table below. For illustrative purposes the calculation has assumed 2 opposition leaders and mileage at the same level as 2013/2014.

Role	Current	Proposed	Number	Budget impact (£)
	(£)	(£)		
Basic allowance	3,275	4,000	34	24,650
Leader of the Council	7,640	10,000	1	2,360
Member of the Executive	4,095	5,500	8	11,240
Opposition Leader(s)	2,455	3,500	2	2,090
Licensing & Regulatory Committees Chairman	2,455	3,500	1	1,045
Planning Committee Chairman	2,455	3,500	1	1,045
Scrutiny Commission Chairman	2,455	3,500	1	1,045
Finance, Audit & Performance Committee Chairman	1,644.95	3,500	1	1,855
Appeals Panel Chairman	1,644.95	2,500	1	855
Ethical Governance & Personnel Committee Chairman	1,644.95	2,500	1	855
Mileage *	0.65	0.45	11,368	-2,274
<b>Total</b>				<b>44,767</b>

\* estimated saving based on actual mileage claimed 2013/14 totalling 11,368 miles

4.2 As outlined in 3.4, if approved, the change in allowances will come into effect in May 2015 and therefore the part year budget impact for 2015/2016 will be £41,036.

4.3 If approved, the change in allowances will be built into the 2015/2016 budget to be financed from the General Fund.

#### 5. LEGAL IMPLICATIONS (MR)

5.1 The Council is required by the Regulations to make a Scheme before the beginning of each year (ie before 1 April in each year) for the payment of basic allowance. The Scheme may also make provision for, inter alia, special responsibility allowances and travelling and subsistence allowances

5.2 Approval of the Members' Allowances Scheme is reserved for Council only and before the Council makes or amends a Scheme it must have regard to the recommendations made by the Independent Remuneration Panel

6. CORPORATE PLAN IMPLICATIONS

6.1 This report supports all corporate aims as it is a Member issue.

7. CONSULTATION

7.1 The aim of this report is consultation with the Scrutiny Commission

8. RISK IMPLICATIONS

8.1 It is the Council's policy to proactively identify and manage significant risks which may prevent delivery of business objectives.

8.2 It is not possible to eliminate or manage all risks all of the time and risks will remain which have not been identified. However, it is the officer's opinion based on the information available, that the significant risks associated with this decision / project have been identified, assessed and that controls are in place to manage them effectively.

8.3 The following significant risks associated with this report / decisions were identified from this assessment:

Management of significant (Net Red) Risks		
Risk Description	Mitigating actions	Owner
Difficulty in recruiting, retaining and supporting councillors and in encouraging membership	Ensure the Members' Allowances Scheme is fit for purpose and set at a reasonable and fair level	Chief Executive

9. KNOWING YOUR COMMUNITY – EQUALITY AND RURAL IMPLICATIONS

9.1 This report does not impact any particular community, group or service. It serves to encourage and support members to facilitate membership from all communities and changes would apply to members from all wards within the borough.

10. CORPORATE IMPLICATIONS

10.1 By submitting this report, the report author has taken the following into account:

- Community Safety implications
- Environmental implications
- ICT implications
- Asset Management implications
- Human Resources implications
- Planning Implications
- Voluntary Sector

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Background papers: None

Contact Officer: Rebecca Owen, ext 5879

Executive Member: Councillors Keith Lynch (Finance) and Bron Witherford (Member Services).

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## **HINCKLEY & BOSWORTH BOROUGH COUNCIL**

### **REPORT OF THE INDEPENDENT REMUNERATION PANEL**

1. A meeting of the Independent Remuneration Panel for Members' Allowances for Hinckley and Bosworth Borough Council was held on Wednesday, 5 November 2014. This is the report of the Panel and its recommendations to the Council.

2. This was the first meeting of the newly appointed Panel. The members of the panel were:

Jim Mutton, OBE (Chairman)

Jessica Daly

Stuart Pemberton

Chris Stone

Mr Stone was unable to attend the meeting but submitted his comments in writing, which were read out to the Panel. The Panel was welcomed by the Deputy Chief Executive (Corporate Direction) and advised and supported by the Chief Officer (Finance, ICT, Asset Management, Audit & Procurement) and the Democratic Services Officer.

3. The meeting had been convened in accordance with the recommendations of the Internal Auditor and on the request of Members during consideration of the recommendations of the previous panel that a review take place in advance of the new Council in May 2015.

4. To assist in its deliberations, the Panel was presented with the following information:

- The current Members' Allowance Scheme
- Members' Role Descriptions as set out in the Council's Constitution
- A summary of question responses from Councillors during a recent survey
- A comparison of allowances paid in neighbouring authorities
- The recommendations of the previous review in October 2012 and extracts from the minutes of the Scrutiny Commission and Council when these recommendations were considered in 2013.

5. During discussion, members of the Panel made reference to the following:

- The recent decision of the Government to remove Councillors from the Local Government Pension Scheme
- The low level of allowances in comparison with neighbouring authorities
- The public perception of levels of remuneration (the perception being Councillors are paid more than they actually are)
- The absence of an increase in allowances since 2005
- The time commitment required to be a Councillor
- The need to encourage and support new Councillors

- The increase in responsibility transferred to local authorities under the Localism Act 2011
- The changing responsibilities of members in relation to special responsibilities, for example the increasing importance of the role of the Chairman of the Scrutiny Commission
- The discrepancy between the current mileage rate payable to Councillors, the HMRC rate, and the rate payable for officers which was based on the AA Cost of Motoring calculations.

6. In formulating its recommendations, the Panel gave consideration to and made comment upon:

- a) The current position with regard to the allowances having remained unchanged for a number of years, which had led to an erosion of the base and a low 'starting point' to which increases may be applied.
- b) The allowances payable being not only low in comparison with neighbouring authorities, but also in relation to the average number of hours spent on Council duties.
- c) The mileage rate being in excess of that recommended by the HMRC and further in excess of that paid to officers, which was in line with the AA Cost of Motoring.
- d) The issue of fairness over time, insofar as Members had not allowed themselves sufficient remuneration for the work they had been undertaking and, therefore, allowances did not accord with the principal of "fair pay for fair work"
- e) The hard work undertaken by the previous Remuneration Panel, whose recommendations had been acknowledged, but largely not progressed (with the exception of the Mayor and Deputy Mayor's allowances). It was felt that the recommendations made in 2012 continued to be appropriate and should be used as a basis upon which to propose recommendations to Council in this instance.

7. The Panel made the following recommendations:

- (i) that the Basic Allowance be increased from £3,275 to £4,000 per annum;
- (ii) That the allowances for the Mayor and Deputy Mayor remain unchanged (as these were increased in 2013).
- (ii) that the Special Responsibility Allowances be increased as follows:

Role	Current allowance (£)	Proposed allowance (£)
Leader of the Council	7,640	10,000
Member of the Executive	4,095	5,500
Opposition Leader(s)	2,455	3,500



Licensing & Regulatory Committees Chairman	2,455	3,500
Planning Committee Chairman	2,455	3,500
Scrutiny Commission Chairman	2,455	3,500
Finance, Audit & Performance Committee Chairman	1,644.95	3,500
Appeals Panel Chairman	1,644.95	2,500
Ethical Governance & Personnel Committee Chairman	1,644.95	2,500

- (iii) that the travel allowances be aligned to HMRC rates of 45p per mile;
- (iv) that the Panel meets on an annual basis (unless requested by Council to review the Scheme at any point within the ensuing 12 months) in accordance with recommendations of Internal Audit to give consideration to the Members' Allowance Scheme. Consideration may be given to applying a percentage increase in line with the NJC increases for employees.

Mr J Mutton OBE  
Chairman of the Independent Remuneration Panel

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