

**REPORT OF THE INDEPENDENT REMUNERATION PANEL
SET UP TO REVIEW THE REMUNERATION OF MEMBERS OF
LICHFIELD DISTRICT COUNCIL FROM MAY 2014**

1. INTRODUCTION:

- 1.1 The Independent Remuneration Panel (IRP) recruited following a process of open advertising and interviews and whose members serve in a voluntary capacity has been asked by Lichfield District Council, in response to the statutory requirement established by the Local Authorities (Members' Allowances) (England) Regulations 2001, to carry out a review of the allowances to be paid to their elected Members from May 2014. This is the IRP's fifteenth report to Council and is based on 5 formal meetings of the IRP up to the end of April 2014.
- 1.2 The IRP reiterate their view that the allowances made to Councillors do not represent an earned income and recognise that some element of Members' work continues to be voluntary (50% as outlined in Appendix 2 to the 2005/6 IRP report to Annual Council and as a matter of principle, quoted as a statutory requirement in the guiding comments issued by the office of the then Deputy Prime Minister in July 2003). The IRP continues to stress that, additionally, the Special Responsibility Allowances (SRAs) are designed to ensure that those taking on responsibilities within the democratic process do not suffer financial adversity as a consequence, whilst at the same time providing some recognition for responsibilities undertaken over and above those of ordinary Members.

2. CONSIDERATIONS:

- 2.1 In reaching its recommendations the IRP gave consideration to the following:-
- (a) Statutory Instrument No. 1021 – The Local Authorities (Members' Allowances)(England) Regulations 2003
 - (b) Recommendations concerning membership of the Local Government Superannuation Scheme as permitted by Statutory Instrument No.1021 Part 3, Section 11(2)
 - (c) Guidance on Members' Allowances issued by the then Office of the Deputy Prime Minister in July 2003.
 - (d) Statutory Instrument 2004 No. 2596 regularising the position on Parish Councils regarding elected and co-opted members.

- (e) The decision of the Local Government Association published in November 2010 no longer to issue advice to local authorities regarding Members' Allowance and Daily Rate based on the median gross weekly earnings as published by the Office of the National Statistics (ONS) Survey of Hours and Earnings.
- (f) The current pay award situation in respect of Local Government Officers
- (g) Comparison with other local authorities within the Audit Commission's Nearest Neighbour Group and in Staffordshire as a whole.
- (h) The current Allowances Scheme and levels of allowance, including allowances for co-opted members.
- (i) Endeavouring to ensure the system was fair and helps to encourage a diversity of people to become and continue as Councillors.
- (j) Endeavouring to ensure that credibility in the work of the IRP is maintained by local Council Tax payers.
- (k) The IRP notes the decision of the District Council to increase by 1.99% Council Tax payable by residents of Lichfield District during 2014/15
- (l) A record of attendance by Members at meetings of the Council and its Scrutiny Committees during 2013/14
- (m) The earlier decision that Travelling and Subsistence Allowances should be linked to those rates applicable to Officers.
- (n) The Continuation of a Technology Fund to reimburse Members' ICT expenses.
- (o) The IRP has noted the decision of the District Council on 10th December 2013 to increase the roles and responsibilities of a number of pre-existing Cabinet Members as a consequence of an amalgamation of posts.
- (p) Shortly before Christmas 2013, the IRP issued an invitation to all Members via the Leaders of the majority and minority parties to '....make representation to the Panel about any concerning aspect of the Members' allowances scheme'.
- (q) In view of the IRP's statutory obligations towards Parish Councils within the Lichfield District area, Officers wrote to all the Parish Councils requesting information about their individual scheme of payments to Parish Councillors in respect of travel and subsistence whilst undertaking work on behalf of the parish council.

3. CONCLUSION:

- 3.1 Members are urged to familiarise themselves with the IRP's statutory remit and obligations referred to in the legislation quoted in section 2 above and which IRPs must take into consideration when preparing reports on Members' allowances and be aware of, for example, the provision for allowances, when so requested, payable to elected Members serving on parish councils. Additionally, the Council is invited to note that:
- i) Ordinarily the rationale for determining allowances to Members is in accordance with the IRP's previously explained formula. See (1) Structure and methodology for calculating allowances to Members of the District Council and
 - ii) the appendix to the IRP 2005 report that detailed the processes and procedures adopted by the IRP and appended to the IRP report to Council in May 2005.
 - ii) The principle of a banding system for Members' Allowances is rooted in the formula initiated by the IRP at its inception and agreed to by Council each year thereafter but which had been varied under a proposal made by the then Leader of the Council, endorsed by Annual Council and implemented from May 2008.
- 3.2 It was noted that no requests had been received from Parish Councils regarding extending the payment of allowances to elected Parish Councillors – see also para 4.10 below.
- 3.3 The IRP has noted the Chancellor's announcement in March 2014 that the wider public sector pay freeze due to end in 2013 would be followed by a 1% cap (increasing to 2% in 2016/17) and rises for the following 3 years. In the Medium Term Financial Strategy 2013-16 (Revenue and Capital) - (MTFS) approved by the Council at its meeting 19th February 2013 the Chancellor's statement was referred to in the context of 'Pay Award' and mention was made of an assumed increase of 1% by the District Council for each of the three years commencing 2013/14.
- 3.4 As part of the IRP's efforts to monitor both the impact of sharing services with other Councils and the importance of the Council's strategy for income generation insofar as both those aspects of the management of the District Council impacts on the responsibilities of Members and implications for SRAs, Officers reassured the IRP that there had been no significant developments affecting Members' responsibilities other than the Cabinet members' changes referred to in 2(o) above. The IRP was however advised that given the financial pressures confronting the Council, cost savings of £2.8m over the next 3 years had been accepted as necessary by the Council and were expected to result in an increase in efforts to share services and generate income. The IRP will continue to keep under review these matters in an endeavour that any changes in Members' responsibilities are fairly reflected in allowances.

- 3.5 The IRP has received no evidence suggesting the level of allowances paid to Members fails to attract and retain people willing to serve their local community or that elected Members are not financially disadvantaged as a consequence of service as an elected Member.
- 3.6 The IRP recommends no alteration to the amount of allowance currently paid to co-optees for each meeting attended.
- 3.7 The IRP noted that the two year pay freeze for Officers applied with effect from April 2010 ends in 2013 and has been replaced by a maximum pay award for 2014/15 effectively amounting to no more than 1% in line with the Chancellor's March 2014 statement.
- 3.8 The IRP has learned that the District Council's approved budget for 2014/15 makes provision for an increase in Members' allowances of 1%.
- 3.9 The IRP understands the Strategic Overview & Scrutiny Committee has no wish to consider this report ahead of the Annual Council meeting 6th May 2014.
- 3.10 The invitation to Members referred to in 2.1(p) above was made via the Leaders of the main political groups and by Officers directly to Members outside the main political groups. Members were asked to submit any comments – or make contact with the IRP – before the end of February. In the event the IRP received responses from two Councillors the most significant of which referred to the financial state of Lichfield District Council and a passing reference to ‘... the views of the general public regarding payment to Councillors’. The Member urged no increase in SRAs and an increase in the Basic Allowance commensurate with any percentage increase ‘...which will be given to the staff’.
- 3.11 For the benefit of the record, the IRP invites Members to note that the response to the survey of Parish Councils referred to in para 2.1(q) above revealed a significant number make travel and subsistence payments to their Councillors. Despite the regulations requiring the IRP to be consulted with a view to making recommendations to each Council in such matters, the IRP has resolved to recommend those schemes which comply with proper public financial accounting and are found to be no better than the scheme applicable to elected Members of the District Council. The IRP awaits the findings of Officers before implementing those recommendations.
- 3.12 In the belief that there is continuing public concern for transparency and honesty in local and national politics, the IRP feel it is imperative that the integrity of elected Members is maintained consistent with the District Council's own policy on Members' standards.

4. PROPOSALS:

The IRP propose that: -

- 4.1 Following the Council's agreement at the Council Meeting 8th May 2012 to the IRP's recommendation that pay awards to staff will in future be the benchmark for changes in Members allowances, the IRP questions whether Members may wish to forego any increase in their allowances for 2014/15 in view of the continuing constraints on public expenditure in general and the savings plus financial stringency needed by the District Council in particular. At the time of writing this report the IRP acknowledges a resolution of the pay award to staff for 2014/15 is awaited but in an expectation that the pay award will be in the order of a 1% increase, such a decision to forego an increase would both serve to demonstrate and enable Members to lead by example. This is the second proposal of its kind made by the IRP. Members will recall the first was made in the IRP report for 2013/14 and agreed to by Annual Council at its meeting 7th May 2013. In the belief Members will once again wish to agree to forego any increase in allowances, the schedule at Appendix A has been prepared accordingly
- 4.2 SRAs continue to be banded as a proportion of the allowance made to the Leader of the Council. It is proposed that qualifying Members should continue to receive an allowance on the same basis as that set out in para 3.9 of the IRP report to Council dated 13th May 2008.

Band %

1	100
2	60
3	55
4	25
5	20
6	5

Several Members were previously in receipt of SRAs but have taken on additional responsibilities – see para 2.1 (o) above. In para 3.1 Members are reminded of the historically agreed formula for determining the system of banding at the heart of which is a job description detailing the extent of each role and level of responsibility undertaken. The IRP awaits revised job descriptions for those members who have taken on the additional roles and responsibilities referred to above and confirmation that SRA entitled roles remain unchanged.

- 4.3 The District Council will recall its endorsement of the IRP recommendations contained in the report to Council 11th May 2010 and reinforced in the IRP's supplementary report to the meeting of Council 13th July 2010. The IRP acknowledged at that time that should the District Council decide to reduce amounts recommended by the IRP, such reductions would be regarded by the IRP as the future base line.
- 4.4 Members' mileage allowance should continue to be paid in line with the

allowance paid to Officers.

- 4.5 As stated in previous reports, the IRP understands that the IT Fund is solely to reimburse a Member's costs for purchasing listed IT materials agreed by the Council. This provision continues to be welcomed by the IRP. The IRP continues to be disappointed to learn that
- i) as a consequence of Members' requests, a large proportion of printed material continues to be distributed. . This must be a costly exercise and
 - ii) reimbursement from the Technology Fund of costs incurred by Members were not subject to Members providing receipts as proof of purchases made. The concerns of the IRP in this instance is that such an omission is felt to be at odds with the usual obligations for proper accountability of public expenditure. The IRP recommends that Officers revisit this practice as a matter of urgency.

The IRP recommends that the current IT Fund be a maximum of £430 for each Member and be dealt with as an expense and not an Allowance. This would allow the Council to recover the VAT on all receipted IT expenditure and, in its relatively small way, add income to the District Council's finances. It would also be consistent with the general principles of public financial accountability and the District Council's own financial standards enforced in respect of other payments. Members' adherence to this principle should remove them from liability for statutory tax and NI deductions.

- 4.6 The level of Carers' Allowance be automatically adjusted in line with those of the County Social Services Department for the provision of a Community Care Worker.
- 4.7 The levels of subsistence allowance remain unchanged.
- 4.8 The Conference Allowance of £25.00 per day remains unchanged.
- 4.9 Co-optees, as defined in SI 1021 s9(5), should continue to receive an allowance of £44.00 per meeting attended plus travel allowances as applicable to Members.
- 4.10 The IRP suggest that Officers continue to remind Parish Councils of i) their statutory entitlement and the associated details as quoted in para 2(d) above to seek a scheme of allowances for their elected Members but such allowances as are agreed would need to be deducted from the Parish precept and ii) their statutory obligations to consult with the IRP to allow the IRP to make recommendations when proposing to make or amend payments of travel, subsistence and other expenses to their parish councillors.
- 4.11 That the work and underlying principles set out in the documents referred to in paragraph 2 of this report of the IRP continue to be included in the Members' induction process.

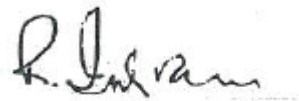
5. RECOMMENDATION:

- 5.1 The IRP offer the proposals and recommendations set out within this report for adoption by the Council including the scale of allowances detailed at Appendix A.

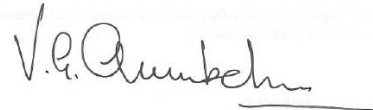
6. APPRECIATION:

- 6.1 The IRP would like to extend their grateful thanks to the Officers involved in providing the information to assist our deliberations, namely Richard King, Strategic Director for Democratic, Development and Legal Services, Christine Lewis, Overview and Scrutiny Officer, Graham Keatley, Senior Business Adviser and Kevin Sleeman, Information Systems and Strategy Manager.

Mr R Ingram (Chairman)



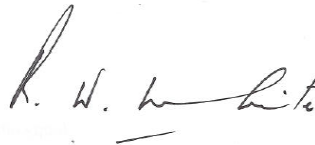
Mr V Chamberlain



Mr T Roach



Mr R White



Dated: 29 April 2014

PROPOSED MEMBERS' ALLOWANCES, FROM MAY 2014 TO MAY 2015 (also showing the rates and positions as at the end of 2013/14)

	Annual Rate 2013/14	Proposed Annual Rate 2014/15	Band	%
	£	£		
Members' Basic Allowance	3020	3020		
Chairman of the District Council: Special Responsibility Allowance	2740	2740		
Civic Duties Expense Account – up to a maximum of	6370	6370		
Vice-Chairman of the District Council: Special Responsibility Allowance	820	820		
Civic Duties Expense Account – up to a maximum of	2720	2720		
Leader of the Council and Cabinet Member for Communications	11360	11360	1	100
Leader of the Principal Minority Group	2270	2270	5	20
Deputy Leader of the Principal Minority Group	570	570	6	5
Deputy Leader of the Council and Cabinet Member for Economic Growth and Development Services	6820	6820	2	60
Cabinet Member for Finance, Democratic and Legal Services	6250	6250	3	55
Cabinet Member for Leisure and Parks	6250	6250	3	55
Cabinet Member for IT and Waste Services	6250	6250	3	55
Cabinet Member for Community, Housing and Health	6250	6250	3	55
Community, Housing and Health Overview & Scrutiny Committee - Chairman	2270	2270	5	20
Economic Growth, Environment & Development Services Overview and Scrutiny Committee – Chairman	2270	2270	5	20
Strategic Overview and Scrutiny Committee - Chairman	2270	2270	5	20
Leisure, Parks and Waste Management Overview and Scrutiny Committee - Chairman	2270	2270	5	20
Standards Committee - Chairman	50 per meeting	50 per meeting	6	5
Audit Committee - Chairman	2270	2270	5	20
Planning Committee - Chairman	6250	6250	3	55
Planning Committee – Vice-Chairman	2270	2270	5	20
Regulatory and Licensing Committee - Chairman	2270	2270	5	20
Regulatory and Licensing Committee – Vice-Chairman	570	570	6	5
Employment Committee - Chairman	2270	2270	5	20
Parish Forum - Chairman	570	570	6	5
Lichfield Disability Partnership Panel – Chairman	570	N/A		
Carer's Allowance	County Social Services Department payment rate			

Where a Member could claim more than one Special Responsibility Allowance, the Member should only be entitled to claim one such allowance, which will be the higher of the Special Responsibility Allowances payable.

The figures quoted are **per annum** and should be calculated pro rata accordingly. The Special Responsibility Allowances indicated are in addition to the Members' Basic and Task Allowances.

Members' Maximum IT Allowance

In addition to the Basic Allowance paid to all elected Members, a further amount of £430 has been agreed by the District Council shall be paid to all participating Members and referred to as an IT Allowance. The amount quoted is intended to reimburse Members' costs when purchasing ICT consumables plus new computer and communication related equipment/facilities associated with their work as Councillors.

Basic Allowance

This is payable to all Members and to include telephone & other office expenses.