

**FOR COUNCIL MEETING**  
**19<sup>th</sup> May 2015**  
**AGENDA ITEM 13**  
**(ENCLOSURES APPENDIX A & B)**

**REPORT OF THE INDEPENDENT REMUNERATION PANEL**  
**SET UP TO REVIEW THE REMUNERATION OF MEMBERS OF**  
**LICHFIELD DISTRICT COUNCIL FROM MAY 2015**

**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 2015. This is the IRP's sixteenth report to Council and is based on 8 formal meetings of the IRP up to the end of April 2015.
- 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 decision of Members at the Annual Meeting of the Council in May 2014 to:
    - i) increase their Basic Allowance by 1% contrary to the suggestion of the IRP in its report to consider foregoing such an increase and
    - ii) award an increase to the Chairman of Standards Committee from £50 per formal meeting attended to £570 pa
  - (g) The current pay award situation in respect of Local Government Officers
  - (h) Comparison with other local authorities within the Audit Commission's

- Nearest Neighbour Group and in Staffordshire as a whole.
- (i) The current Allowances Scheme and levels of allowance, including Allowances for co-opted members.
  - (j) Endeavouring to ensure the system was fair and helps to encourage a diversity of people to become and continue as Councillors.
  - (k) Endeavouring to ensure that credibility in the work of the IRP is maintained by local Council Tax payers.
  - (l) The IRP notes the decision of the District Council to increase by 1.99% Council Tax payable by residents of Lichfield District during 2015/16
  - (m) A record of attendance by Members at meetings of the Council and its Scrutiny Committees during 2014/15
  - (n) The earlier decision that Travelling and Subsistence Allowances should be linked to those rates applicable to Officers.
  - (o) A growing awareness by the IRP that the Technology Fund intended to reimburse Members' ICT expenses was flawed.
  - (p) The IRP continues to note the decision of the District Council on 10<sup>th</sup> December 2013 to increase the roles and responsibilities of a number of pre-existing Cabinet Members as a consequence of an amalgamation of posts.
  - (q) Shortly before Christmas 2014, the IRP issued an invitation to all Members via the Leaders of the majority and minority parties – and via Richard King in respect of other Members - to '....make representation to the Panel about any concerning aspect of the Members' allowances scheme'.
  - (r) The findings of the Boundary Commission to reduce the number of elected Councillors within the District Council area from 56 to 47 with effect from May 2015.
  - (s) The conclusions of the Corporate Peer Challenge (Peer Review).

### **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 and 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.
- iii) 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 Reference is made in 2(f) above to the decisions made by Members at the Annual Council Meeting in May 2014 following consideration of the IRP report for 2014/15. With regard to the decision to increase the SRA for the Chairman of the Standards Committee, the IRP is left wondering whether Members fully

appreciate that in practice since the introduction of the substantial changes – including major delegations to the Council’s Solicitor and Monitoring Officer aided by the independent lay appointees recruited specifically for the purpose – the Committee has met formally only once per year.

- 3.3 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.
- 3.5 As part of the IRP’s continuing 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 had given no indication to the IRP that there had been any significant developments affecting Members’ responsibilities. The exceptions, known to the IRP are the Cabinet member changes referred to in 2(p) above. It should be noted that the IRP has received only limited information regarding the implementation of the Boundary Commission findings in 2015/16 onwards. Likewise, the IRP awaits details of any changes in the management of the District Council arising from the Peer Review referred to in 2(s) earlier together with the continuing consultations and guidance the report offers to the LDC in the future.. The IRP was however advised that given the financial pressures confronting the Council, cost savings of £1.3m over the next 3 years had been accepted as necessary by the Council. The IRP will continue to keep under review these matters in an endeavour that any changes in Members’ responsibilities are fairly reflected in allowances.
- 3.6 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 financially disadvantaged as a consequence of service as an elected Member other than an example quoted in 3.10 below.
- 3.7 Conscious that the amount of allowance paid to cooptees the District Council by law is required to appoint has not changed over a significant number of years the IRP recommends the amount of allowance paid for each meeting attended should increase. For the forthcoming Municipal Year the IRP intends to recommend a modest increase consistent with increases to be recommended for Members – see also 4.9 below.
- 3.8 The IRP has been advised that a two year agreement has been made for Officers’ pay to increase with effect from 2015 and the District Council has made budget provision of 2.2% accordingly. In keeping with the Council’s agreement to accept the IRP’s recommendation to link future changes to Members’ allowances with changes to Officers’ pay, the increases for Members mentioned elsewhere in this report should ordinarily apply for 2015/16 and 2016/17.
- 3.9 The IRP has learned that the District Council’s approved budget for 2015/16 makes provision for an increase in Members’ allowances of 2.2%.
- 3.10 The invitation to Members referred to in 2.1(q) 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 just one response. The Member concerned made a number of points including the prospect of an increased workload ‘...and/or time commitment’ as a consequence of the Boundary Commission decision to reduce the number of Councillors...’; personal observations about the inadequacies of ‘...many’ Members in their ‘level of engagement and interest...at either Scrutiny Committee or full Council...’; failures to ‘...thoroughly read reports, let alone done any wider research such as comparisons with other Councils or an understanding of the wider picture both in the region or nationally.....’. After acknowledging it may not be an appropriate time to increase the Basic Allowance, the Member nonetheless urged an increase citing the allowance as ‘...one of the lowest in the country’. The IRP propose to review other matters raised by the Member – including IT related points which may be personal to the Member concerned - prior to preparation of the next IRP report for 2016/17.

- 3.11 In its previous report, the IRP quoted the results of a survey of Parish Councils. The IRP learned that a significant number made travel and subsistence payments to their Councillors and in the absence of recommendations from the IRP in this regard, Officers were requested to check that no existing travel and subsistence scheme operating in any of the Parish Councils were any better than the scheme applicable to Members of the District Council. The IRP continues to await the findings of Officers despite Members’ agreement to the IRP report at the Annual Meeting of the Council in May 2014.
- 3.12 Amongst the many factors considered by the IRP prior to preparation of this report, attention was given to records of Members’ attendance at meetings of the Council and its committees etc. The latest schedules quoting actual meetings attended and provided by Officers have been presented according to majority and minority parties. In the case of the former, of the 44 Members listed, 8 recorded 100% attendance, 22 recorded 76%+, 9 between 51% and 75% and 5 attended 50% or less. The minority parties, numbering 11 Members reveal 1 attended 100%, 1 between 51% and 75% leaving 9 having attended between 75% and 99%. However, the IRP also noted the wide disparity in the numbers of meetings the schedules suggest “...could have been attended” and ranging between 6 and 23 in the period.

An emerging significance of such information is an understanding that an adjacent local authority, in an effort to encourage maximum participation by Members in the management of the authority, has introduced a scheme which allows a proportion of a Member’s allowance to be withheld if an appropriate level of attendance is not maintained. The IRP intends to obtain further details of the quoted scheme with a view to considering recommending a possible scheme for implementation by the District Council in a quest for better value for council taxpayers.

- 3.13 During the course of preparing this report the IRP had the opportunity to read a report prepared on behalf of the IRP for Wyre Forest District Council. A paragraph under the heading ‘Risk Management’ drew the attention of Members thus:
- ‘Regulation 19 requires the council to have regard to the recommendations of the Independent Review Panel. Whilst the council does not have to follow the recommendations, as with any decision of the council, it is subject to the risk of

challenge by the way of judicial review and therefore reasons for decisions must be made clear.’ .

- 3.14 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 8<sup>th</sup> May 2012 to the IRP’s recommendation that pay awards to staff will in future be the benchmark for changes in Members allowances, in its report for 2014 the IRP questioned whether Members may wish to forego any increase in their allowances in the light of the savings plus financial stringency needed by the District Council in particular. At the time of writing the 2014 report the IRP acknowledged a resolution of the pay award to staff for 2014/15 was awaited but in an expectation that the award would be in the order of a 1% increase, a decision to forego an increase would both serve to demonstrate and enable Members to lead by example. That was 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 7<sup>th</sup> May 2013. The IRP was surprised and disappointed to learn Members voted not to forego any increase in their Basic Allowance but rather resolved to an increase of 1% equating to £30 pa for each Member. The IRP is obliged to recognise the Council’s decision, although it should be noted not all Members were in favour. However, the IRP is advised no Member formally elected not to be paid the agreed 1% Basic Allowance increase. The schedule at Appendix A has been prepared accordingly.

The proposition to agree a 1% increase in the Basic Allowance made at the full Council meeting in May 2014 was made by Councillor C who made reference to ‘other nearby Local Authorities’ – a comment reinforced by a second Councillor C who suggested the increase was ‘reasonable if compared to other areas.’ Despite efforts by Officers on behalf of the IRP neither Councillor has responded to a request for details of the other Councils/areas referred to. However and coincidentally, the attention of the IRP was drawn to a very recent brief article in the Cannock Chronicle which reported Cannock Chase Councillors had rejected any increase in their allowances including a rise of 0.5 said to have been recommended by Officers and a recommendation by their IRP to adopt ‘a rise in line with the consumer price index’. If nothing else the newspaper report serves to confirm a view long held by the IRP and quoted to LDC Members that different councils and their IRPs have a variety of systems and procedures in place making straight comparisons intensely difficult and unwise. In the light of a potential for such wide variations, adopting the Audit Commissions ‘family group’ listings does go some way towards comparative data which the Commission is prepared to endorse and which the IRP urges Members to recognise as official, authoritative and neutral.

- 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, thus:

<b>Band</b>	<b>%</b>
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(p) above. In para 3.1 i),ii) and iii) quoted previously, 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 continues to await 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 13<sup>th</sup> 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 Members will be aware that the IRP's previous report presented to the Annual Meeting of the District Council 6th May 2014 expressed a number of reservations regarding the policy, management and operation of the Members' IT Fund. Those reservations were prefaced by a comment that the IRP continues to welcome, in principle, efforts to encourage elected Members to embrace the benefits of adopting digital technology when managing the Council's affairs. As a consequence of those reservations the IRP has met with Officers and the Council's external auditor in an effort to secure changes intended to improve governance of the scheme such that local council and business rate taxpayers might have more confidence in the overall management of IT Fund payments. Regrettably - and despite efforts to include the Council's own internal audit Manager - Officers continue to regard the IT Fund payments as an additional allowance for Members rather than an expense-based scheme requiring monitoring consistent with the Council's own Financial Procedures. A more detailed clarification of the IRP's enquiries and reservations for the benefit of Members Officers and council and business rate taxpayers, is set out in an appendix to this report. Until such time as the IT Fund payments to Members complies with the usual requirements for good financial practice and proper accountability of public expenditure, the IRP is unable to make any recommendations regarding IT Fund payments to Members at this time other than the following:

- 4.5.1 One such prospective solution which has attracted the support of the IRP is that the District Council directly supply computer hardware and consumables to Members, leaving the matter of reimbursement by the Council of an appropriate proportion of broadband costs attributable to District Council use. It is recommended that those latter payments be subject to a dispensation notice agreed with HMRC in order to avoid Members having to pay tax and/or NI where appropriate.
- 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 receive a revised level of allowance amounting to payment of £45.00 (rounded) per meeting attended thereby reflecting a similar 2.2% increase as that recommended for Councillors 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 basic allowance, 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:**

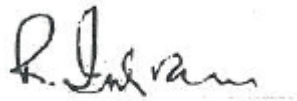
- 5.1 The IRP offer the proposals and recommendations set out within this report for adoption by the Council including the scale of allowances detailed at Appendix A.

## **6. APPRECIATION and ACKNOWLEDGEMENTS:**

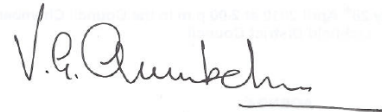
- 6.1 The IRP would like to extend their grateful thanks to the Officers involved in providing the information to assist our deliberations, Bal Nahal, Solicitor to the Council and Monitoring Officer, Christine Lewis, Overview and Scrutiny Officer, Graham Keatley, Senior Business Adviser and Kevin Sleeman, Information Systems and Strategy Manager.
- 6.2 For the first time since the inception of the IRP, as a consequence of Richard King's workload in the run up to the 'Parliamentary, District & Parish elections on top of the day job' the IRP did not have the benefit of a formal meeting with Richard King, Strategic Director for Democratic, Development and Legal Services. Nonetheless an exchange of emails – albeit not a perfect alternative – does allow the IRP to acknowledge his contribution. For the future, the IRP

requests a return to the more usual support and facilities as set out in paragraphs 62 to 65 of the Guidance issued by the then Office of the Deputy Prime Minister in July 2003 “ New Council Constitutions – Guidance on Consolidated Regulations for Local Authority Allowances”.

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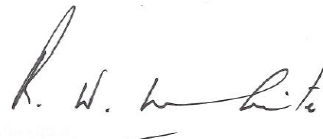
**Mr R Ingram (Chairman)**



**Mr V Chamberlain**



**Mr T Roach**



**Mr R White**

Dated: May 2015



**PROPOSED MEMBERS' ALLOWANCES, FROM MAY 2015 TO MAY 2016** (also showing the rates and positions as at the end of 2012/13, 2013/14 and 2014/15)

	Annual Rate 2012/13	Annual Rate 2013/14	Annual Rate 2014/15	Proposed Annual Rate 2015/16	Band	%
	£	£	£	£		
Members' Basic Allowance	2990	3020	3050	<b>3117</b>		
##IT Allowance – <i>not supported by the IRP for 2015/16</i>	430	430	430	-		
Chairman of the District Council: Special Responsibility Allowance	2740	2740	2740	<b>2800</b>		
Civic Duties Expense Allowance – up to a maximum of	6370	6370	6370	<b>6510</b>		
Vice-Chairman of the District Council: Special Responsibility Allowance	820	820	820	<b>838</b>		
Civic Duties Expense Allowance – up to a maximum of	2720	2720	2720	<b>2780</b>		
<i>Leader of the Council/Cabinet and Cabinet Member for Finance Revenues and Benefits – post deleted Dec 2013</i>	<i>11360</i>	<i>11360</i>		-	<i>1</i>	<i>100</i>
<i>Assistant to Cabinet Member for Finance Revenues and Benefits – post deleted Dec 2013</i>	<i>2270</i>	<i>2270</i>		-	<i>5</i>	<i>20</i>
<i>Deputy Leader of the Council and Cabinet Member for Leisure Parks and Play – post deleted Dec 2013</i>	<i>6820</i>	<i>6820</i>		-	<i>2</i>	<i>60</i>
<i>Cabinet Member for Operational Services and Tourism – post deleted Dec 2013</i>	<i>6250</i>	<i>6250</i>		-	<i>3</i>	<i>55</i>
<i>Cabinet Member for Development Services – post deleted Dec 2013</i>	<i>6250</i>	<i>6250</i>		-	<i>3</i>	<i>55</i>
<i>Cabinet Member for Democratic &amp; Legal Services – post deleted Dec 2013</i>	<i>6250</i>	<i>6250</i>		-	<i>3</i>	<i>55</i>
<i>Cabinet Member for Community – post deleted Dec 2013</i>	<i>6250</i>	<i>6250</i>		-	<i>3</i>	<i>55</i>
<i>Cabinet Member for Housing, Health and Environmental Protection – post deleted Dec 2013</i>	<i>6250</i>	<i>6250</i>		-	<i>3</i>	<i>55</i>
Leader of the Council and Cabinet Member for Communications			11360	<b>11610</b>	1	100
Leader of the Principal Minority Group			2270	<b>2320</b>	5	20
Deputy Leader of the Principal Minority Group			570	<b>582</b>	6	5
Deputy Leader of the Council and Cabinet Member for Economic Growth and Development Services			6820	<b>6970</b>	2	60
Cabinet Member for Finance, Democratic and Legal Services			6250	<b>6388</b>	3	55
Cabinet Member for Leisure and Parks			6250	<b>6388</b>	3	55
Cabinet Member for IT and Waste Services			6250	<b>6388</b>	3	55
Cabinet Member for Community, Housing and Health			6250	<b>6388</b>	3	55
Community, Housing and Health Overview & Scrutiny Committee - Chairman	2270	2270	2270	<b>2320</b>	5	20

Economic Growth, Environment & Development Services Overview and Scrutiny Committee – Chairman	2270	2270	2270	<b>2320</b>	5	20	
Strategic Overview and Scrutiny Committee - Chairman	2270	2270	2270	<b>2320</b>	5	20	
Leisure, Parks and Waste Management Overview and Scrutiny Committee - Chairman	2270	2270	2270	<b>2320</b>	5	20	
Standards Committee - Chairman	50 per meeting	50 per meeting	570	<b>50 per mtng</b>	6	5	
Audit Committee - Chairman	2270	2270	2270	<b>2320</b>	5	20	
Planning Committee - Chairman	6250	6250	6250	<b>6970</b>	3	55	
Planning Committee – Vice-Chairman	2270	2270	2270	<b>2320</b>	5	20	
Regulatory and Licensing Committee - Chairman	2270	2270	2270	<b>2320</b>	5	20	
Regulatory and Licensing Committee – Vice-Chairman	570	570	570	<b>582</b>	6	5	
Employment Committee - Chairman	2270	2270	2270	<b>2320</b>	5	20	
Parish Forum - Chairman	570	570	570	<b>582</b>	6	5	
Lichfield Disability Partnership Panel – Chairman	570	-	-	-			
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, an additional amount of up to £430 has been agreed by the District Council should 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. The IRP is withholding its support for those payments with effect from May 2015 for reasons clarified within the accompanying report and related Appendix

**Basic Allowance** : This is payable to all Members and to include integrated "Task Allowance", telephone & other office expenses.

**SUPPLEMENTARY REPORT OF LICHFIELD INDEPENDENT REMUNERATION  
PANEL**

**Members' IT Fund: Detailed Clarification of Reasons for the IRP Refraining  
from Supporting Current Scheme: Prepared to Accompany IRP Report to  
Annual Meeting of Lichfield District Council, 19<sup>th</sup> May 2015**

Members will recall the IRP has made clear support in principle for the initiative to encourage elected Councillors to enter the digital age when communicating with and from the District Council.

The creation of a Technology Fund allowing each Member to be reimbursed the associated hardware, software, consumables and services costs (see Appendix B (i) to this report prepared by the Council's Information Systems and Strategy Manager in readiness for the IRP's report for Members' allowances etc in 2011/2012) necessary to facilitate such an initiative with all the associated benefits and cost savings Council taxpayers could regard as providing greater efficiency and good value for money has, on review by the IRP, been found to be flawed.

The concerns of the IRP are such that in July 2014 the IRP raised those concerns with the Council's external auditor. In the interests of brevity and clarity copies of the IRP's note and associated enclosures sent to the auditor is attached at Appendix B (ii) of this report. Subsequent meetings with the external auditor and Council Officers – but regrettably excluding the Council's own Audit Manager despite a request by the IRP - resulted in a proposal by Officers to merge the IT Fund payments to Members with Members' Basic Allowance.

The IRP is not convinced the proposition is appropriate or fair and reasonable for the following reasons:

- i The IRP/District Council is required\*<sup>1</sup> to ensure the amount paid to each Member in the form of a Basic Allowance is as described, consistent and not subject to variation. A number of the following points will alert Members to the risks of subverting those (statutory) obligations placed on IRPs and local authorities if Officers' proposals are adopted.
- ii The IT Fund scheme as approved by the District Council is the result of a 'Member-led Overview Task and Finish Group in 2009...' comprising Members and Officers when the Fund was first established as a discrete, expense based reimbursement of costs the task group had calculated would be annually incurred by those Members' who agree to participate in the scheme. The costings within the scheme would be subject to regular review and the numbers of Members who agree to participate is subject to the discretion of individual elected Councillors. The scheme recognises that Members who choose not to participate will not receive any payment from the IT Fund.
- iii Members will recognise that the Council approved IT Fund scheme has established a maximum payment of £430 (£435 proposed for 2015/16) pa for

each participating Member with reduced amounts payable to 'co-habiting Member' and/or 'Combined county/district Member'.

iv As a cost based scheme – as referred to above and intended to reimburse IT related expenses incurred by Members - the IRP see no reason for regarding IT Fund payments as an 'allowance' for Members especially when set against Section 6 paragraph 9 of the guidance quoted in \*<sup>1</sup> below.

v Despite the good intentions of the IT Fund scheme, the continuing practice of circulating hard copies of papers to Members (the cost of which the IRP has been advised by Officers, can amount to £30K pa) undermines key principle objectives the scheme is meant to address in the pursuit of good value for the Council and council tax payers alike.

vi Sweeping the IT Fund payments into the Basic Allowance will mask some of the more disturbing and unchecked payments to individual Members. For example, in 2012/13 Councillor H claimed £105 for 'ink' but no claim for 'paper' and likewise Councillor DSS was paid £205 for 'ink' but no claim for 'paper' was made. Members may wish to note that in the same year the total Technology Fund entitlement for participating Councillors is recorded as £22,364 plus in addition up to £30,000\*<sup>4</sup> for producing and distributing hard copies to all Members as mentioned earlier.

vii Leaving aside some anomalous examples of the Technology Fund – including those quoted in vi above as an expense based, carefully costed scheme - the IRP has not been convinced that deduction of Tax and NI contributions on year-end balance payments to Councillors is appropriate or necessary. Officers take a different view despite confirmation from the Council's external auditor that prior to payment of any (unclaimed) year-end balance to participating Members that equipment etc purchased by a Member had been used for Council purposes\*<sup>2</sup>. If those statutory deductions are ultimately found to be inappropriate a further complication will feature when calculating a Member's basic allowance payments, which hitherto has been subject in its entirety to tax and NI deductions. Conversely, if HMRC require statutory deductions to continue, the present practice suggests they will only impact on unclaimed year-end balances which in turn would be counter to the principles referred to in \*<sup>1</sup> below.

viii The IRP has drawn attention to the absence of receipts being provided or required for IT Fund payments incurred by Members and questioned the Council's aims for ensuring financial probity and good governance. The IRP has also referred to this practice preventing the Council from reclaiming any VAT elements. The decision to overlook the income potential at a time of financial stringency will be lost should the IRP endorse the proposition that the IT Fund be part of a Member's Basic Allowance.

In an effort to persuade the IRP to endorse merging Members' IT Fund payments with the Basic Allowance – and leaving aside the requirements referred to in \*<sup>1</sup> below - it has been suggested a number of local authorities pay technology costs incurred by their councillors via their Members' allowances. A fundamental

difference in this instance is a confusion developed amongst Officers and the Council's external auditor that technology fund payments, as referred to earlier, are an 'allowance' rather than an expense-based reimbursement of costs more in keeping with the scheme for reimbursing Members' car costs when using their private cars on Council business. Members will also be aware that the IRP has long maintained that there are inherent dangers following the practice of other authorities – irrespective, for example, of variations in population, budgets, range of duties, responsibilities and numbers of Councillors - where the methodology and formulaic approach to Members' allowances is likely to be different to that recommended by the LDC's IRP and subsequently endorsed by successive Council decisions.

With the above significant list of details forming a compelling backdrop, the IRP in future reports to the Council is unable to make any detailed recommendations regarding IT Fund payments to Members pending the introduction of a more transparent, cost effective and judicious scheme which the IRP believes will attract the support of local residents and Council taxpayers.

One such prospective solution which has attracted the support of the IRP is that the District Council directly supply computer hardware and consumables to Members, leaving the matter of reimbursement by the Council of an appropriate proportion of broadband costs attributable to District Council use. It is recommended that those latter payments be subject to a dispensation notice<sup>\*5</sup> agreed with HMRC in order to avoid Members having to pay tax and/or NI where appropriate.

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\*<sup>1</sup> See Section 6 'Consolidation of Regulations' paragraphs 9 & 10 of the Guidance on Consolidated Regulations issued by the then Office of the Deputy Prime Minister in July 2003. The guidance referred to underpins the statutory requirements confronting all IRPs and local authorities.

\*<sup>2</sup> On 29.9.2014 The Director of Audit at the District Council's contracted external auditor, Grant Thornton UK LLP, wrote to the IRP to the effect that 'Any balance to be paid would be subject to the signing of a statement produced by the Council for members showing how the fund had been used in the year with the balance and a declaration that equipment was being used for council purposes.' This was a revelation to the IRP. There had never before been any mention of such signed statements. Furthermore, it begs the question whether deductions for tax and NI is appropriate as far as HMRC is concerned.

\*<sup>3</sup> A more recent review (of annual IT related cost elements the Council expects each participating Member to incur) in November 2014 by the Council's Information & Strategy Manager revealed increases for purchasing laptops (up by £4) and broadband (up by £9). When all 6 cost elements of each Member's IT Fund are totalled the result after being 'adjusted downwards' suggest an overall annual increase of £5 ie £435 for a "Single/lead co-habiting Member". The IRP is in no position to challenge the Officer's costings but others may be forgiven for questioning increased costings at a time of intense competition in the IT market and

especially in respect of computer hardware and in the provision of broadband services.

\*<sup>4</sup> An amount quoted previously and repeated by the Director of Finance, Revenues and Benefits at a meeting on 30<sup>th</sup> September 2014 attended by members of the IRP, Council Officers and the Council's external auditor.

\*<sup>5</sup> See Section 150 (General Expenses) of the 'Guidance on Consolidated Regulations for Local Authority Allowances' issued by the Office of the Deputy Prime Minister in July 2003.

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IRP: May 2015



## Member's ICT

### Background

During 2009 the Overview and Scrutiny Committee formed a task group with the remit to review the provision of ICT for members. After working alongside the council's ICT team the task group devised a series of recommendations which were subsequently approved by the Cabinet and implemented by the ICT team.

### Technology fund

The task group developed an innovative approach to dealing with the varying and individual needs of members in relation to ICT through the creation of a technology fund. The technology fund acts like a bank account where the council 'deposits' a certain amount of money into it at the beginning of each financial year depending on the circumstances of the councillor and then the councillor can choose from a series of options to meet their own ICT needs. The more services a councillor consumes, the more that is deducted from their technology fund until at the end of the year the councillor is paid the remaining balance in their technology fund as their ICT allowance. If a councillor has overspent their technology fund then they are not required to pay the deficit back. The fund is flexible enough that members can change their options throughout the year and can request payments in advance to support the purchase of new equipment. The fund is sufficiently flexible that members qualifying for the full fund have the option of a council provided Blackberry smartphone. The cost of any calls made on the smartphone is deducted from their fund along with the monthly rental charges.

Each member is allocated into one of four groups depending on their circumstance and from this allocation the initial budget of their technology fund is set. The groupings, items contributing to the grouping and funding levels set for the current financial year are shown below:

	Single / lead co-habiting Member	Co-habiting Member	Combined county / district Member	No use of ICT
Laptop	Yes	Yes		
Printer	Yes			
Broadband	Yes			
Paper	Yes	Yes	Yes	
Cartridges	Yes	Yes	Yes	
Technology fund	£430	£165	£65	£0
Members in grouping	40	3	9	4

### Role of the remuneration panel

The role of the panel is to agree the values of the allowance for each of groupings for the forthcoming year. As this is the first time that the panel has been asked to review the current levels and the first full year of the scheme we are asking for the members of the panel to agree to keep the values of the allowance for each group at the same level as the current year.