



Report of the Independent Remuneration Panel on amendments to the Councillors' Allowances Scheme to be adopted from 11 May 2015

Report to Vale of White Horse District Council on 10 December 2014

**James Davies
Stephen King
Dr Robert Smith**

Introduction

1. The council's constitution states that councillors are entitled to receive allowances as set out in the councillors' allowances scheme. The council's current scheme came into force on 1 April 2012, following consideration of the Independent Remuneration Panel's recommendations, replacing the scheme adopted following the last major review in 2008. The amended scheme is set out in the council's constitution and can be found on the council's website.
2. During 2014 the panel has reviewed whether the scheme should be adjusted to take into account the reduction in the number of district councillors from May 2015 and the effect that has on councillors' workloads. This reduction resulted from the review conducted by the Local Government Boundary Commission for England. It is recommended that Council adopts this new scheme (as set out in appendix A attached) and that it comes into effect on 11 May 2015, after the district council elections.

Legal framework

3. In accordance with the Local Government and Housing Act 1989, the Local Government Act 2000, and The Local Authorities (Members' Allowances) (England) Regulations 2003, councils have a duty to consider the findings of an independent remuneration panel before determining any councillors' allowances scheme. The regulations place a statutory obligation on the council to establish and maintain an independent remuneration panel to look at councillors' allowances and report its views to the council. There is a statutory obligation for a panel of at least three members, none of whom is also a member of the council or is a member of a committee or sub-committee of the council, nor disqualified from being an elected member of the council (s.80 of the Local Government Act 1972, and s79 of the Local Government Act 2000).
4. In addition to the regulations, the government has issued guidance to councils on councillors' allowances. This guidance deals with the types of allowances which can be paid and what the allowances cover, the setting up, appointment and work of independent remuneration panels, and the making and publication of schemes.

The council's independent remuneration panel

5. In October 2011, Council appointed independent members to its Independent Remuneration Panel until May 2016. The current panel consists of three members who come from different backgrounds:
 - Mr James Davies – a retired manager
 - Mr Stephen King – a local businessman
 - Dr Robert Smith – a retired economist (a management consultant specialising in the public sector / Director of Studies and Deputy Chief Executive at the Civil Service College)

Methodology

6. During 2014, the panel met several times to review the councillors' allowances scheme. To assist in its deliberations the panel had regard to the following information:
 - the Local Government and Housing Act 1989
 - the Local Government Act 2000
 - the Local Authorities (Members' Allowances) (England) Regulations 2003
 - Guidance on Members' Allowances for Local Authorities in England
 - the council's new executive arrangements – agreed by Council in December 2010
 - details of published figures of annual gross earnings of professional employment groups
 - details of inflation rates and latest projections of inflation rates and earnings from the Bank of England in mid-November 2014
 - details of the Inland Revenue travel and subsistence rates
 - figures of allowances paid by other district councils provided by the South East Employers
7. All councillors were advised of the pending review and were invited to submit their comments through a survey of their time and resources spent on council business. Twenty-seven councillors responded. The panel interviewed a sample of councillors to seek further information and also offered to meet any councillor that wished to speak to the panel. The interviews and survey responses enabled the panel to gather information on a number of aspects, including the time spent by councillors on council business in respect of the different roles, views on the current scheme, levels of allowances generally and the cost to the council, views on comparisons with other authorities, and comments on what activities and roles warrant a special responsibility allowance. The panel also took into account the advice from democratic services and the chief executive.
8. The panel wishes to thank all councillors who completed survey questionnaires, were interviewed or submitted comments. Without their assistance the review would not have been possible.

Calculation of allowances

9. In calculating the allowances, the panel used the average number of hours per councillor per week, less a voluntary contribution considered reasonable for councillors in a voluntary role, multiplied by a daily rate.
10. The government guidance stresses that it is important that some element of councillors' work continues to be voluntary—that some hours are not remunerated. The panel agrees with this principle. However, the panel also recognises that this must be balanced against the need to ensure councillors do not suffer financial loss, and that people are encouraged to come forward as elected members and that their service to the community is retained.
11. The voluntary contribution used in the panel's calculations of the basic allowance in the last major review was five hours per week. However in this year's review, the panel has used a lower voluntary contribution as it believes that today there are increasing levels of pressure on people's time, evidenced by many charities

finding it more difficult to recruit volunteers. The panel believes that it is reasonable, in calculating the basic allowance, to reduce the voluntary element and accordingly has chosen a voluntary contribution figure of three hours per week, representing broadly one evening per week including travel time.

12. The daily rate used in the calculation of allowances used to be the local government daily rate provided by the Local Government Association. However, this daily rate is no longer available as the association no longer produces this information. In looking for alternatives, the panel reviewed information provided by the Office of National Statistics to see if any figures were available which suggested appropriate remuneration rates for occupations reasonably comparable to the work undertaken by local councillors. The panel considered that the best comparable daily rate was for 'Public Services Associate Professionals'. The panel has used the mean earnings of this employment group as the primary basis for choosing the daily rate to apply to the time spent by councillors.
13. The panel looked at whether allowances should be subject to a regional weighting due to the cost of living in the Oxford area. However, it concluded that while Oxford had a higher cost of living than the South East average, Abingdon did not, therefore there was no justification to treat the Vale as a special case.

Basic allowance

14. The basic allowance is a flat rate allowance payable to all councillors to recognise their time and commitment to the council. It covers all meetings of the authority, meetings with officers, meetings with electors/residents, political group meetings, and travel to and from those meetings. It also covers incidental costs of a councillor using their home.
15. During 2014 the panel undertook a thorough review of the basic allowance. The driving factor was the reduction in the number of district councillors in May 2015 from 51 to 38. This review involved recalculating the base on which the allowance was founded. This base was previously set in 2008.
16. Through its survey and councillor interviews, the panel assessed the time councillors spent on council work. This included time spent on:
 - official council meetings, including preparation, travel time to and from, and attendance at the meeting and training events
 - attending parish council meetings as a district councillor
 - helping electors in their ward
 - representing the council on outside bodies
 - attending political group meetings
 - miscellaneous duties
17. From the data gathered, the panel found that there had been a reduction in the average number of hours spent by councillors in carrying out their role, compared to the last major review in 2008. However, this reduction was offset by an expected increase in workload that councillors would have to undertake following the May 2015 elections, with fewer councillors to undertake the work. This is likely to require councillors to spend more time attending meetings, and more time on ward work, parish work and representational duties. However, some other elements should not increase, for example attendance at political group meetings.

18. The panel has calculated the basic allowance for 2015/16 based on there being no change to the numbers of councillors on the Planning, Scrutiny, Audit and Licensing committees. If the new council changes this significantly, the basic allowance should be reviewed further.
19. In its calculations, the panel has included some time for councillors' miscellaneous duties. This covers time spent on incidental conversations, by either telephone or email, over and above the five main categories surveyed and listed in the bullet points in paragraph 16 above.
20. Also included in basic allowance is an element to cover councillors' incidental expenses of using their home for council work. These include telephone, computer use, paper, and printing costs.
21. The panel considers that the figures obtained from its analysis justify an increase in the basic allowance to £4,575 per annum (currently £3,906 per annum) and that this should take effect from the May 2015 elections. This brings the council's basic allowance to just above the average for district councils in South East England. However, this average was from 2013/14 figures, the latest available at the time of this report. This increase to the basic allowance also takes into account an annual cost of living increase of two per cent for 2015/16.

RECOMMENDATION

That from 1 April 2015 to 10 May 2015, while existing councillors are still in office, the basic allowance remains unamended at £3,906 per annum.

The panel recommends that the basic allowance is increased to £4,575 per annum from 11 May 2015 when councillors take up office after the elections.

Special responsibility allowances

22. The councillors' allowances scheme can include the payment of special responsibility allowances to councillors who have significant responsibilities above basic allowance responsibilities. The panel has previously considered in detail which roles should receive a special responsibility allowance, basing its recommendations on the level of responsibility, comparisons between different roles, the hours spent, and comparisons with other authorities.
23. The panel has reviewed the special responsibility allowances. As the council's committee structure has remained unchanged, the panel is making no recommendations for any changes at this time; the new council could make changes to the structure. However, the panel would like to review the special responsibility allowances in 2015 in the light of the new council following the elections in May 2015 and the reduction in the number of councillors.
24. In the meantime, the panel believes that the special responsibility allowances should be subject to a cost of living increase and recommends two per cent rise.

RECOMMENDATIONS

The panel recommends that no changes are made to structure of the special responsibility allowances at this time but conducts a further review after the district council elections in 2015.

That from 1 April 2015 to 10 May 2015, while existing councillors are still in office, the special responsibility allowances remain unamended.

The panel recommends a cost of living increase of two per cent to the special responsibility allowances in 2015/16, from 11 May 2015 when councillors take up office after the elections, as set out in schedule 1 of appendix A.

Travelling and subsistence allowances

25. Travel and subsistence allowances are intended to reimburse councillors for expenditure incurred when undertaking the approved duties set out in schedule 3 of the attached scheme. The panel considers that the council should continue to use the HM Revenue and Customs' rates for travel allowances as these rates are widely recognised as being reasonable and fair recompense for business expenses. From the survey and interviews conducted in 2014, no councillor suggested that these allowances were unreasonable. These allowances are set out in schedule 2 of the appended scheme.

RECOMMENDATION

The panel recommends that the scheme continues to use the HM Revenue and Customs rates for travel, and the subsistence allowances, as set out in schedule 2 of the appended scheme.

Childcare allowance and dependent carer's allowance

26. The childcare allowance and dependent carer's allowance are payable to councillors who incur expenditure on the care of their children or dependent relatives whilst the councillor is undertaking approved duties such as attending meetings. Whilst very few councillors currently claim for the childcare allowance or dependent carer's allowance, the panel recognises that it is important to offer these allowances to councillors so they are not discouraged from carrying out council work by their personal responsibilities.
27. The panel believes that the current allowances meet this objective. The scheme allows councillors to claim a childcare allowance of up to £6 per hour, and dependent carer's allowance of up to £15 per hour. In both cases, evidence of payment must support each claim. The panel also recommends keeping a limit on the total amount claimable during one year, this limit remaining at £2,698 per councillor.

RECOMMENDATION

The panel recommends no change to the childcare allowance of up to £6 per hour and a dependent carer's allowance of up to £15 per hour, up to an annual limit of £2,698 claimable per councillor.

Annual adjustments and amendments

28. The basic allowance payable under the scheme is normally adjusted at the beginning of each financial year. In recent years it has normally been adjusted by the equivalent of the council's staff pay increase, in line with the panel's recommendation. However, the panel considers that it should review this scheme annually to determine whether any inflationary adjustment is appropriate. However, the basic allowance and special responsibility allowances recommended above include an annual adjustment for 2015/16.

RECOMMENDATION

The panel recommends that it carries out an annual review of the allowances payable under the councillors' allowances scheme to determine whether allowances are adjusted for cost of living.

Conclusion and recommendation

29. The panel recommends that the councillors' allowances scheme attached as appendix A updates the scheme adopted from 1 April 2012, and that the revised scheme is effective from 11 May 2015, after the next district council elections in May 2015. Until 10 May 2015 the current scheme and its allowances remain unamended.
30. The panel recognises that with such a significant reduction in the number of district councillors from May 2015, there may be a need for further adjustments to the scheme at a later date.

RECOMMENDATION

To update the councillors' allowances scheme with the amendments set out in this report and that the revised scheme (attached as appendix A) is effective from 11 May 2015, immediately after the next district council elections in May 2015, and replaces the previous scheme. Until 10 May 2015 the current scheme and its allowances remain unamended.



Councillors' allowances scheme

1. The Vale of White Horse District Council, in exercise of the powers conferred by the Local Authorities (Members' Allowances) (England) Regulations 2003 (as amended) hereby makes the following scheme:

CITATION AND COMMENCEMENT

2. This scheme may be cited as the Vale of White Horse District Council councillors' Allowances Scheme which comes into force with effect from 11 May 2015.
3. The previous scheme is amended on 10 May 2014.

Interpretation

4. In this scheme the following expressions have the meanings mentioned below:
 - (a) "Authority" means the Vale of White Horse District Council
 - (b) "Chief Finance Officer" means the Officer delegated with the statutory responsibilities under the Local Government Act 1972 (as amended)
 - (c) "Councillor" means an elected member of the authority
 - (d) "Member" means either a councillor or a member of a committee or sub-committee of the authority who is not a councillor
 - (e) "Proper Officer" means the monitoring officer of the authority
5. This scheme shall be construed having regard to the definitions and other provisions set out in the Local Authorities (Members Allowances) (England) Regulations 2003 (as amended).

Basic allowance

6. The basic allowance set out in schedule 1 to this scheme shall be the maximum allowance paid to each councillor during any year.
7. The basic allowance covers all meetings of the authority, meetings with officers, meetings with electors/residents, political group meetings, and travel to and from those meetings. It also covers incidental costs of a councillor using their home.

8. Where a councillor's term of office begins or ends otherwise than at the beginning or end of a year, their entitlement shall be to payment of such part of the basic allowance as bears to the whole the same proportion as the number of days during which their term of office as a councillor subsists bears to the number of days in that year.

Special responsibility allowances

9. The special responsibility allowances set out in schedule 1 to this scheme shall be the maximum paid to those councillors who have the special responsibilities referred to in the schedule during any year.
10. Where a councillor would ordinarily hold positions that attract more than one special responsibility allowance, the councillor may only claim one such allowance, being the highest allowance.
11. Where a councillor does not have throughout the whole of a year any such special responsibilities as entitle him to a special responsibility allowance, their entitlement shall be to payment of such part of the special responsibility allowance as bears to the whole the same proportion as the number of days during which he has such special responsibilities bears to the number of days in that year.

Childcare allowance and dependent carer's allowance

12. Any councillor may claim the childcare allowance or the dependent carer's allowance to reimburse the expenses incurred for child or dependent care up to the amounts specified in schedule 1 of this scheme, where those expenses have been incurred in connection with or relating to the duties specified in schedule 3 of this scheme.
13. Each claim by a councillor shall be supported by evidence of payment to the satisfaction of the proper officer.

Travelling and subsistence allowances

14. Councillors are expected to use public transport wherever possible and allowances will only be paid for the use of the private vehicle when a reasonable public transport service is not available for the same journey. Where a councillor uses public transport in connection with or relating to the duties specified in schedule 3 to this scheme, they may claim reimbursement of the actual costs incurred for standard class fares only. Where a councillor travels by rail, reimbursement will be made at the standard class rate.
15. The travelling allowances set out in schedule 2 to this scheme shall be the maximum paid to those councillors who claim reimbursement for the costs incurred in connection with or relating to the duties specified in schedule 3 of this scheme.
16. For journeys undertaken by a councillor in their own vehicle when a reasonable public transport service is not available they may claim for the mileage costs attributable to performing the duties specified in schedule 3 at the appropriate rate set out in schedule 2 to this scheme. A councillor who carries other councillors and officers engaged on the same approved duty may also claim a supplement per passenger mile in accordance with the rates set out in schedule 2 to this scheme.

17. The subsistence allowances set out in schedule 2 to this scheme shall be the maximum paid to those councillors who claim reimbursement for the costs incurred in connection with or relating to the duties specified in schedule 3 of this scheme.
18. A claim can only be made for the actual costs incurred on meals or accommodation up to the limits shown in schedule 2 to this scheme if the councillor has been absent from home for more than four hours during the specified times.
19. Any councillors' claim must be supported by evidence of the travelling or subsistence costs actually incurred to the satisfaction of the proper officer. In particular the production of receipts or similar evidence shall be required.

Co-optee allowances

20. Any persons co-opted to a committee of the council may be paid travel allowances in respect of any travel costs incurred in connection with functions related to that committee and that such travel should be at the same rates as those for councillors. No other allowances will be payable in respect of co-opted members.

Provisions to forego allowances

21. Any councillor may by notice in writing given to the proper officer of the authority elect to forego their entitlement or any part of their entitlement to any allowances payable under this scheme.

Annual adjustments and amendments to allowances

22. The allowances payable under this scheme shall be reviewed each year by the Independent Remuneration Panel.
 - (a) The panel may recommend the use of an appropriate index for adjustments to the basic allowance, special responsibility allowances, and childcare/dependent carer's allowances.
 - (b) in the case of travelling allowances, increases shall be by reference to the HM Revenue and Customs rates for the previous year.
 - (c) in the case of subsistence allowances by reference to the subsistence allowances agreed by the council for officers for the previous year.
23. Each councillor shall be entitled to be paid the revised allowances with effect from the effective date for which the adjustment was made. All adjustments shall be rounded to the nearest whole pound.
24. Where an amendment is made to this scheme (which does not fall within the annual adjustments referred to above) which affects any allowance payable for the year in which the amendment is made, the councillors concerned shall be entitled to such allowances as amended with effect from the following April, unless an alternative date is specified by the council.

Entitlement and claims

25. No councillor who is also a member of another authority shall be entitled to receive allowances from more than one authority in respect of the same responsibilities and duties.
26. Subject to paragraphs 21 above the basic and special responsibility allowance allowances shall automatically be paid to those councillors who are entitled to those allowances, unless notice in writing has been given to the proper officer by a councillor to forego their entitlement or any part of it.
27. Councillors shall submit claims for the childcare allowance, the dependent carer's allowance, and the travelling and subsistence allowances on claim forms which shall be obtained from the monitoring officer. Councillors must certify that any expenses claimed have actually been incurred and will not be reimbursed by any other authority.
28. Claims shall be submitted at the end of each month for payment the following month. Claims submitted more than two months after the expenses were incurred will only be paid with the specific approval of the monitoring officer.

Payments, backdating and repayments

29. Payments shall be made each month in respect of basic allowances and special responsibility allowances in instalments of one-twelfth of the amount specified in this scheme, subject to the annual adjustments and amendment provision set out in paragraphs 22 to 24 of this scheme.
30. Payments shall be made each month in respect of the childcare allowance, the dependent carer's allowance, and travelling and subsistence allowances in respect of claims received.
31. Backdating of amended allowances to the beginning of the financial year may be agreed by the monitoring officer.
32. Where payment of any allowance has already been made in respect of any period during which a councillor:
 - ceases to be a councillor of the authority or
 - is in any other way not entitled to receive the allowances in respect of that period

the authority shall require that such part of the allowances as relates to such period be repaid to the authority forthwith or with the agreement of the councillor concerned and the chief finance officer repaid by way of deductions from subsequent payments of allowances to which the councillor is later entitled.

Pensions

33. There are no provisions relating to pensions in this scheme.

SCHEDULE 1

COUNCILLORS' ALLOWANCES SCHEME (with effect from 11 May 2015)

	Allowance for 2014/15 as at 1 April 2014	Allowance for 2015/16 (as at 11 May 2015 based on amendments to scheme recommended by the Independent Remuneration Panel)
Councillor's Basic Allowance	£3,984	£4,575
Special Responsibility Allowances		
Leader of the Council	£17,795	£18,151
Deputy Leader	£13,050	£13,311
Ordinary member of cabinet	£8,304	£8,470
Chairman of Council	£4,745	£4,840
Vice-Chairman of Council	£1,186	£1,210
Chairman of Scrutiny Committee	£2,373	£2,420
Vice-Chairman of Scrutiny Committee	£1,186	£1,210
Chairman of Planning Committee	£4,745	£4,840
Vice-Chairman of Planning Committee	£2,373	£2,420
Chairman of Audit and Governance Committee	£1,186	£1,210
Leader of Major Opposition Group	£1,186	£1,210
Childcare allowance and dependent carer's allowance	Annual maximum claimable per councillor £2,698	Annual maximum claimable per councillor £2,698
Childcare allowance	Up to £6 per hour	Up to £6 per hour
Dependent carer's allowance	Up to £15 per hour	Up to £15 per hour

TRAVEL & SUBSISTENCE

TRAVELLING ALLOWANCES

The Council authorises the payment of standard class fares only to councillors in respect of travel by public transport. The rate for travel by a Member's own private vehicle, or one belonging to a member of their family or otherwise provided for their use, shall not exceed the following rates set out below:

Mileage Rates

	First 10,000 miles in the tax year	Each mile over 10,000 in the tax year
Cars and vans	45p	25p
Motor cycles	24p	24p
Bicycles	20p	20p

Passenger payments – cars and vans

5p per passenger per mile for carrying fellow councillors/officers in a car or van on journeys which are also council journeys for them.

SUBSISTENCE ALLOWANCES the rate of subsistence allowance shall not exceed:

(1)	In the case of an absence, not involving an absence overnight from the usual place of residence:		
	(a)	Breakfast Allowance (more than 4 hours away from the normal place of residence and before 11 am)	£4.92
	(b)	Lunch Allowance (more than 4 hours away from the normal place of residence including the lunchtime period 12- 2pm)	£6.77
	(c)	Tea Allowance (more than 4 hours away from the normal place of residence including the period 3pm-6pm)	£2.67
	(d)	Evening Meal allowance (more than 4 hours away from the normal place of residence ending after 7pm)	£8.38
(2)	In the case of an absence overnight from the usual place of residence:		£79.82
	and for such an absence overnight in London, or for the purpose of attendance at an annual conference (including or not including an annual meeting) of the Local Government Association or such other association of bodies as the Secretary of State may for the time being approve for the purpose, the rate may be increased to:		£91.04

SCHEDULE 3

APPROVED DUTIES

Attendance at any of the following meetings is an approved duty for the purpose of the payment of travel, subsistence, childcare and dependent carer's allowances:

- (1) A meeting of the authority, any committee, sub-committee of the authority, or any other body to which the authority makes appointments or nominations, or of any committee or sub-committee of such a body;
- (2) Any other meeting which is authorised by the authority, a committee or sub-committee of the authority, or a joint committee of the authority, and one or more other authorities, or a sub-committee of such a joint committee provided that (where the authority is divided into more than two political groups) it is a meeting to which members of at least two political groups have been invited or (if the authority is not divided into political groups) to which two or more councillors have been invited.
- (3) A meeting of any association of authorities of which the authority is a member.
- (4) In pursuance of any standing order requiring councillors to be present while tender documents are opened.
- (5) In connection with the discharge of any function of the authority conferred by or under any enactment and empowering or requiring the authority to inspect or authorise the inspection of premises.
- (6) Any other duty approved by the authority, or for the purpose of, or in connection with the discharge of the functions of the authority or of any of its committees or sub-committees.
- (7) Any duty for the purpose of, or in connection with, the discharge of the functions of an executive, where the authority are operating executive arrangements within the meaning of Part II of the Local Government Act 2000.
- (8) Pre-Agenda Meetings organised by the head of legal and democratic services and organised meetings where councillors are invited to attend to enable officers to exercise delegated functions.
- (9) Any meeting with an officer of the council where the officer has invited a councillor to that meeting. When making an expenses claim, the councillor must provide written evidence of the invitation.

Note - Duties which attract no allowance include duties of a Party Political nature, attendance at meetings within the councillors own ward on business relating only to that ward and meetings of a social nature. Councillors cannot claim travelling or subsistence allowance for ward duties (unless covered by 1 to 9 above).

The definition of 'Party Political nature' does not necessarily relate to all events which are open solely to one political party. It depends who is organising the event and whether similar events are open to other parties. Therefore, provided an event is open to all political parties, even on different dates, then it does not constitute a 'Party Political nature', and can therefore be claimed as an eligible event under this scheme.