

# ANNUAL MEETING OF THE COUNCIL

28 MAY 2019

## REPORT OF HEAD OF DEMOCRATIC SUPPORT AND ELECTIONS

### A.2 Annual Review of the Scheme of Members' Allowances by the Independent Remuneration Panel (IRP)

(Report prepared by Karen Neath and Keith Simmons)

#### PART 1 – KEY INFORMATION

##### **PURPOSE OF THE REPORT**

To agree a Scheme of Members' Allowances for 2019/20.

##### **EXECUTIVE SUMMARY**

###### **Scheme of Members' Allowances 2019/2020**

- A new Independent Remuneration Panel was appointed at the meeting of Council held on 27<sup>th</sup> November 2018. This Panel has undertaken a review of the Scheme of Members' Allowances for 2019/20. This review has taken account of the fact that the total number of Councillors reduced from 60 to 48 following the elections held on 2 May 2019 and the associated impact on Committee size and Councillor work load that ensues from this.
- The Independent Remuneration Panel recommendations to the Council for the Scheme of Allowances will apply with effect from 1<sup>st</sup> May 2019. The IRP's report is attached at Appendix A to this report.
- The IRP's recommendations have been advertised in the local press in accordance with the Regulations.
- Council must now have regard to the recommendations of the IRP in determining a Scheme of Allowances for 2019/20. The Council may depart from the IRP recommendations provided it can demonstrate good reasons for doing so, having taken all relevant matters into account.
- Given the substantial change in the size of the Council it is proposed that a high level and light touch review be undertaken after three months to ensure that there are no significant anomalies in the Scheme of Allowances proposed. It is further proposed that a full review be undertaken early in 2020 to enable recommendations for a scheme for 2020/21 to be put forward to Annual Council in 2020.
- The HMRC has issued new benchmark subsistence rates and the IRP recommend that these be adopted as part of the scheme for 2019/20.

##### **RECOMMENDATION(S)**

It is recommended that:-

- (a) Council approves the allowances recommended by the IRP as set out in its report attached at Appendix A or proposes alternative allowances to be approved;
- (b) in the event that Council adopts alternative allowances to those recommended in the IRP's report, reasons for the variations be given and minuted;
- (c) the IRP undertakes a high level and light touch review after three months;

- (d) the IRP undertakes a further full review for 2020/21 and makes recommendations to Annual Council in May 2020; and
- (e) subject to a) and b) above, the Scheme of Members' Allowances in Part 7 of the Constitution be amended to reflect the agreed allowances and expenses.

## PART 2 – IMPLICATIONS OF THE DECISION

### DELIVERING PRIORITIES

The adoption of a published Scheme of Members' Allowances, having regard to the recommendations of an Independent Remuneration Panel, is consistent with the Council's core values of integrity and openness.

### FINANCE, OTHER RESOURCES AND RISK

#### Finance and other resources

The budget for 2019/20 for Members' Basic and Special Responsibility Allowances and for the Chairman and Vice Chairman Allowances totals £402,890. This reflects a reduction of £60,000 to recognise the decrease in the number of Councillors. The cost of the proposed scheme is within budget based on the current council and committee structure. However, Members should be aware that this could change.

#### Risk

The crucial feature of the Panel is that it is composed of people unconnected with the local authority. This degree of independence is designed to secure that the Council is directly accountable to the electorate in respect of the payments made to the Members and that the risk of any lack of transparency is mitigated.

### LEGAL

The Local Authorities (Members' Allowances) (England) Regulations 2003 set out the arrangements to be followed in relation to Members' allowances and expenses. The Regulations set out that regard must be had to the recommendations of an IRP before determining or amending the Scheme of Allowances. Consideration of this report and its appendix will enable the Council to meet those statutory requirements.

The Local Government Act 1972 (sections 3 and 5) allows the payment of an allowance to the Chairman and Vice Chairman.

### OTHER IMPLICATIONS

The guidance in relation to the new benchmark subsistence rates is as follows:-

The rate of subsistence shall not exceed :-

**One meal (5-hour) rate** **£5.00**

The rate may be paid where the qualifying travel exceeds 5 hours and the Councillor has incurred the cost of a meal.

**Two meal (10-hour) rate** **£10.00**

The rate may be paid where the qualifying travel exceeds at least 10 hours and the Councillor has incurred the cost of a meal or meals.

**Late meal (on-going at 8pm) rate** **£25.00\*\***

The rate may be paid where the Councillor is staying away and has to buy a meal before the qualifying journey ends which they would usually have at home.

HMRC approved Benchmark scale rate payments must be limited to 3 meal rates on one day or 24-hour period. A meal is defined as a combination of food and drink and would take a normal dictionary meaning.

**\*\*Where a scale rate of £5 or £10 is paid and the qualifying journey in respect of which it is paid lasts beyond 8pm, a supplementary rate of £10 can be paid to cover the additional expenses necessarily incurred as a result of working late.**

Qualifying conditions – HMRC Benchmark scale rates must only be used where all the qualifying conditions are met. The qualifying conditions are:

- travel must be in the performance of qualifying duties on a journey that is not substantially ordinary commuting.
- the Councillor should be absent from his normal place of work or home for a continuous period in excess of five hours or ten hours.
- and should have incurred a cost on a meal (food and drink) after starting the journey and retained **receipts/appropriate evidence of their expenditure.**

A Councillor can only be reimbursed for a meal once. If the cost of an evening meal or breakfast is reimbursed on an actual basis, because it is included in the cost of an overnight stay, then you are not also be entitled to a benchmark rate in respect of those meals.

### **Members' Responsibility For Reporting Receipt of Allowances**

Members are advised to declare the receipt of a members allowance if **any form** of benefit such as income support or housing benefit is being claimed. The rules on how members' allowances are treated may vary depending on the benefit claimed and advice should be sought from the relevant administrating body. For example the rules for those in receipt of Housing Benefit and Council Tax Support state that "basic members allowance, special responsibility allowance and conference attendance allowance are treated as earnings except for any expenses which have been wholly, exclusively and necessarily incurred in the performance of their duties". Members are therefore advised that in order to claim expenses in these circumstances receipts and records to justify the expenses incurred must be kept.

### **Wards Affected**

All.

## **PART 3 – SUPPORTING INFORMATION**

### **BACKGROUND PAPERS FOR THE DECISION**

There are no background papers.

### **APPENDICES**

Appendix A –Report of the Independent Remuneration Panel