

Meeting:	Council	Date:	28 January 2016
Subject:	Review of Members' Allowances 2016		
Report Of:	Chair of the Members' Allowances Panel		
Wards Affected:	All		
Key Decision:	No	Budget/Policy Framework:	No
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Appendices:	1. Proposed Members' Allowances Scheme 2016-17		

FOR GENERAL RELEASE

1.0 Purpose of Report

- 1.1 To report the recommendations of the independent Members' Allowances Panel with regard to the Council's Members' Allowances Scheme and to seek a decision on an appropriate scheme for the payment of allowances in 2016-17.

2.0 Recommendations

- 2.1 Council is asked to **RESOLVE** that

- (1) The Basic Allowance and Special Responsibility Allowances be frozen at the levels detailed in the 2015-16 Scheme, and set out in Appendix 1.
- (2) Provision for an annual adjustment of allowances indexed to the Local Government staff pay award to be suspended for 2016-17 to allow the IRP to undertake a review of the Scheme.
- (3) Schedule 2 of the Scheme be amended to bring all mileage rates into line with the HMRC approved rates.
- (4) The Members' Allowances Scheme set out in Appendix 1 be approved.

3.0 Background and Key Issues

- 3.1 The allowance scheme at the Council is based on a multiplier system. The Special Responsibility Allowances (SRAs) are a multiple of the Basic Allowance (BA) and only one SRA is paid. The format of the scheme was adopted in 2015 with the aim of ensuring that the Council had in place a simple and transparent scheme that was easily understood by Members and members of the public. It is also in line with best practice and government guidance. The established approach at Gloucester City is to hold a detailed review of allowances every four years and a minor review in the intervening years.

- 3.2 In order to revise or maintain its Members' Allowances Scheme, the Council is required to have regard to the recommendations of the Members' Allowances Panel. The statutory term of the Council's Panel came to an end in February 2015 and following consultation with Group Leaders the decision was made to appoint Gloucestershire County Council's established Panel as the Panel for Gloucester City. The members of the Panel are: Richard Blamey (Chair), Philip Lowery, Quentin Tallon and Fiona Miles.
- 3.3 In late 2014 the former Panel commenced the four-yearly detailed review of allowances and in January 2015 the Council agreed a new Scheme of Allowances effective from 1 April 2015. The scheme included a new formula approach to calculating the BA based on the average number of hours an ordinary Gloucester City Councillor spends on their Council duties, multiplied by the gross median hourly pay for all full time employees in Gloucester City (taken from the Annual Survey of Hours and Earnings (ASHE), published by the Office of National Statistics in 2014), with a 33% voluntary public service discount applied.
- 3.4 The new formula resulted in an increased BA of £5,600, which provided the basis for the multiplier system for the SRAs. The new scheme saw increases, decreases, as well as the deletion of a number of SRAs. The new scheme also introduced a higher level of detail and clarity to the accompanying parts of the scheme, including travel and subsistence allowances and dependents' carers allowances.
- 3.5 In line with the established process, this year a minor review of the scheme is due. The new Panel were mindful that the scheme has been in operation for less than a year and that the number of Councilors would increase from 36 to 39 in May 2016 as a result of the recent electoral boundary review, meaning that a further detailed review may be required in advance of the scheduled four-yearly review.
- 3.6 All Members were asked if there were any areas of the scheme that required attention and invited to submit any other comments they had about the scheme or its operation.
- 3.7 24 out of 36 Members responded to the questionnaire, which represents a response rate of 67%. The Panel would like to thank those Members who took the time to respond and also to take the opportunity to strongly encourage all Members to respond to the questionnaire in future years as the responses have a significant influence on the proposals and it is important that all Members have a say in their allowances.
- 3.8 Of those Members who responded to the survey, 79% indicated that they were happy with the scheme or had no comments. However, when the Panel took into account the number of non-respondents, the percentage of all Members with no comments was 86%.

Findings of the Panel

- 3.9 As the Panel have only been in place for a relatively short duration and due to the constraints of conducting only a minor review, the Panel consider that it is not appropriate to make any changes to the Scheme that will prejudice a more thorough review of the current arrangements taking place because they have not yet been able to bring their skills and experience to the allowance setting process as part of a

thorough review. The Panel is therefore recommending that no changes be made to the BA or SRAs and any issues raised during the survey of Members will be considered during the next review.

Recommendation: that the Basic Allowance and Special Responsibility Allowances be frozen at the levels detailed in the 2015-16 Scheme.

- 3.10 In order to give true effect to the proposed freeze on allowances, pending a more detailed review, the Panel is recommending that the provision for an annual adjustment of allowances indexed to the Local Government staff pay award be suspended for 2016-17. This means that any staff pay award made in 2016-17 would not be automatically applied to Members' allowances and the BA would remain at the level calculated using the agreed formula. This would allow the new Panel to consider in detail the existing scheme and the reasoning behind it; if indexation is permitted to take effect it would negate the formula approach.

Recommendation: that provision for an annual adjustment of allowances indexed to the Local Government staff pay award to be suspended for 2016-17 to allow the IRP to undertake a review of the Scheme.

- 3.11 The only other change that the Panel wish to recommend at this time is to amend the mileage rates detailed in Schedule 2 to bring all rates into line with the HMRC approved rates. The Panel considers that the Council should not stray from these centrally approved rates and notes that a large number of Councils utilise these rates.

Recommendation: Schedule 2 of the Scheme be amended to bring all mileage rates into line with the HMRC approved rates.

Parish Councillor Allowances

- 3.18 The Panel acts as the Parish Members' Allowances Panel for Quedgeley Parish Council (QPC), making recommendations to the Parish Council as it does to the City Council. QPC must have regard to the Panel's recommendations, but are ultimately entitled to agree their own scheme.
- 3.19 QPC currently pays allowances to their Members at the level agreed in 2015, namely 7.5% (£420) of the City Council Basic Allowance to Members of QPC and 15% (£840) to the Chair of QPC. Therefore any increase applied to the City Council Basic Allowance is automatically reflected in the QPC allowance, subject to approval by QPC.
- 3.20 The Panel did not specifically consider changes to the allowances scheme for Quedgeley Parish Councillors as part of the minor review.

4.0 Alternative Options Considered

- 4.1 The Council is required to set a Scheme of Allowances each year, and in approving a Scheme Members must have regard to the recommendations of the independent Members' Allowances Panel.

5.0 Reasons for Recommendations

- 5.1 The new Panel considers that they would need to conduct a thorough review of the Members' Allowances Scheme before implementing or allowing any significant changes to be made.

6.0 Future Work and Conclusions

- 6.1 Should the Panel's recommendations be agreed by the Council, Members' allowances will be frozen for one year with effect from 1st April 2016.
- 6.2 The next detailed review of the Members' Allowances Scheme is scheduled to take place in autumn 2018; however, in light of the increase in Councillors and boundary changes to be implemented in May 2016 and the appointment of a new Panel, it is likely that the Panel will undertake a detailed review sooner.

7.0 Financial Implications

- 7.1 Based on the appointments made at Annual Council in May 2015 the actual cost of the scheme from 1 April 2016 is estimated to be £305,480, but is subject to variation following appointments at Annual Council in May 2016. This does not include any travelling, subsistence or carers' costs.
- 7.2 Following the elections in May 2016 the Council will need to fund three additional BAs for the three additional Councillors proposed as part of the electoral boundary review. This will bring the total cost of the scheme in 2016-17 to approximately £320,000.
- 7.3 The additional costs have been provided for in the 2016-21 Money Plan to be approved by Council in February 2016, which also makes provision for an increase in line with any staff pay award.

(Financial Services have been consulted in the preparation this report.)

8.0 Legal Implications

- 8.1 The City Council is required to maintain an independent panel which makes recommendations to Council on the matter of Members' allowances. It is good practice to conduct an annual review.

(One Legal have been consulted in the preparation this report.)

9.0 Risk & Opportunity Management Implications

- 9.1 The Panel are satisfied that their recommendations do not present any risk to the Council.

10.0 People Impact Assessment (PIA):

- 10.1 The Screening Stage was completed and did not identify any potential or actual negative impact, therefore a full PIA was not required.

11.0 Other Corporate Implications

Community Safety

11.1 There are no community safety implications arising directly from this report.

Sustainability

11.2 There are no sustainability implications arising directly from this report.

Staffing & Trade Union

11.3 There are no staffing or trade union implications arising directly from this report.

Background Documents: None