

Gloucester City Council

Meeting:	General Purposes Committee Council	Date:	16 January 2017 25 January 2017
Subject:	Review of Members' Allowances 2018		
Report Of:	Chair of the Independent Remuneration Panel		
Wards Affected:	All		
Key Decision:	No	Budget/Policy Framework:	No
Contact Officer:	Tanya Davies, Policy & Governance Manager		
	Email: tanya.davies@gloucester.gov.uk	Tel: 39-6125	
Appendices:	1. Proposed Members' Allowances Scheme 2018-19		

FOR GENERAL RELEASE

1.0 Purpose of Report

- 1.1 To report the recommendations of the Independent Remuneration Panel (IRP) with regard to the Council's Members' Allowances Scheme and to seek a decision on an appropriate scheme for the payment of allowances in 2018-19.

2.0 Recommendations

- 2.1 General Purposes Committee is asked to **RESOLVE TO RECOMMEND** to Council that

- (1) Members' Allowances remain unchanged at the levels detailed in the 2017-18 Scheme, subject to the wording of Schedule 2 being amended to reflect the Council's continued commitment to the Living Wage in respect of the Dependents' Carers' Allowance for the reimbursement of childcare costs.
- (2) The Council writes to the Local Government Association asking them to lobby the government in support of making the Dependents' Carers' Allowance exempt from taxation.
- (3) The Scheme of Members' Allowances set out in Appendix 1 be approved for 2018-19.

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

- (1) Members' Allowances remain unchanged at the levels detailed in the 2017-18 Scheme, subject to the wording of Schedule 2 being amended to reflect the Council's continued commitment to the Living Wage in respect of the Dependents' Carers' Allowance for the reimbursement of childcare costs.
- (2) The Council writes to the Local Government Association asking them to lobby the government in support of making the Dependents' Carers' Allowance exempt from taxation.

- (3) The Scheme of Members' Allowances set out in Appendix 1 be approved for 2018-19.

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), which is currently £5,713, 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 IRP. The Council appointed a new IRP in September 2017 for a period of three years. Three Members of this IRP had overseen that previous review and the appointment in September sought to formalise their appointment for defined period and add an additional panel member to diversify the panel's membership.
- 3.3 The Council's IRP currently consists of Mr Peter Jones (Chair), Mrs Wynn Bartlett, Mr Stewart Dove and Mr John Smith.
- 3.4 In line with the established process, this year a minor review of the scheme was due. With this in mind, the IRP asked all Members if there were any areas of the scheme that required attention and invited them to submit any other comments they had about the scheme or its operation. In inviting comments, the Panel reiterated a principle that they followed the previous year, namely that they did not intend to consider any individual SRAs in isolation, with the exception of any new positions that had been created, and that SRAs would be considered in detail as part of the next detailed review.
- 3.5 25 out of 39 Members responded to the questionnaire, which represents a response rate of 64%. The IRP 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; this will be particularly important for the detailed review scheduled to take place next year.
- 3.6 Of those Members who responded to the survey, 84% indicated that they were happy with the scheme or had no comments. However, when the IRP took into account the number of non-respondents, the percentage of all Members with no comments was 90%.
- 3.7 Four points were raised and these are considered below.

Findings of the Panel

- 3.8 One Member noted that the membership of the Council may not be entirely representative of the City's diverse communities, but conceded that this was unlikely to be solely due to the Members' Allowances Scheme. The Panel noted that this was an issue for most Councils, but that as the Council did not collect equalities data from Councillors, it was impossible to draw any specific conclusions. They suggested that, as political parties were responsible for selecting candidates for election, they may be well placed to provide some information to the Panel on the perceived barriers as part of the detailed review in 2019, so that the Panel may consider whether changes to the scheme could help remove some of those barriers.
- 3.9 Two Members stated that the level of BA was not sufficient for the amount of time Councillors spent on their ordinary Councillor duties, with one citing the level of allowance as a barrier to young people becoming involved in local government. The Panel recognised the various demands on Councillors, but noted that it was difficult to pitch the BA at a level that was reflective of how each individual Councillor chose to exercise their duties. The Panel discussed the elements that made up the original BA calculation in 2015 and noted that the Panel at the time had taken an average of the number of hours that Councillors said they spent on their ordinary duties. The Panel indicated that, as part of the detailed review next year, they would review the methodology and basis for the BA calculation, but that, based on the level of satisfaction with the current scheme, no changes would be recommended to the main parts of the scheme at the present time.
- 3.10 One Member noted that the dependents' carers' allowance was classed as income and therefore subject to tax and that as a result, it reduced amount that a Councillor could pay for childcare. It was also noted that as most meetings were held in the evening, when childcare costs increased, Councillors requiring childcare in order to undertake their duties were further disadvantaged. The Panel explored this issue and looked at how other local authorities in the South West operated the allowance by considering comparative data compiled by South West Councils.
- 3.10.1 The majority of Councils follow the same approach as Gloucester by reimbursing actual costs incurred up to a maximum rate per hour; unlike Gloucester, some add a further cap either on the total number of hours claimable in a given timescale or the total amount claimable for the year. A small number of Councils reimburse actual costs with no limit on the amount payable per hour.
- 3.10.2 Of those paying an hourly rate, Gloucester's rates (a maximum of £8.45 per hour for a single child, or up to a total of £9.00 per hour for two or more children) are the highest among the responding Councils, with one exception. Exeter City Council reimburses a rate of £8.25 per hour, but applies an uplift of 20% to offset the income tax deduction increasing the hourly rate to £9.91 per hour.
- 3.10.3 Having considered the matter, the Panel were supportive of the concerns raised and how the current arrangements disadvantaged Councillors with young children, creating a potential barrier for those interested in standing for election. They considered that a maximum hourly rate was essential to provide an appropriate level of control, but that the issue of the allowance being classed as taxable income was one of national significance that should not be addressed by seeking to circumvent national taxation arrangements. Therefore, the Panel is not suggesting

any changes to the general approach, but is recommending that the Council asks the Local Government Association to lobby the government in support of making the Dependents' Carers' Allowance exempt from taxation.

- 3.10.4 In exploring this matter, the Panel noted that the maximum hourly rate per hour for a single child was increased for 2017-18 to reflect the Council's commitment to being a Living Wage Council, but that as of 6 November 2017 the UK Living Wage had increased from £8.25 to £8.75. The current wording of the scheme does not enable the Council to react to such a change in real time, therefore the Panel is recommending that the wording of Schedule 2 be amended to reflect the Council's continued commitment to the Living Wage.
- 3.11 One Member, who was otherwise content with the scheme, stated that the Council should publish attendance data for Council committees and Outside Bodies. The Panel was advised that attendance data for Outside Bodies was not readily available to the Council, but that attendance data for individual committee meetings was available on the Council's website. The Panel considered that attendance information was of interest to the public and would be supportive if the Council decided to publish the composite statistics on an annual basis.

Parish Councillor Allowances

- 3.12 The Panel acts as the Members' Allowances Panel for Quedgeley Town Council (QTC), making recommendations to the Town Council as it does to the City Council. QTC must have regard to the Panel's recommendations, but are ultimately entitled to agree their own scheme.
- 3.13 QTC did not adopt an increase in 2015 when the Council increased its Basic Allowance. It subsequently approved a 2.2% increase in 2016 resulting in Members of QTC being paid £402.41 (7.1% of the City Council Basic Allowance) and the Chair of QTC being paid £804.82 (14.2% of the City Council Basic Allowance). The allowance rates remain payable at these rates at the present time.
- 3.14 The IRP did not specifically consider changes to the allowances scheme for Quedgeley Town 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 IRP.

5.0 Reasons for Recommendations

- 5.1 When agreeing a Members' Allowances Scheme, the Council is required to have regard to the recommendations of the IRP. The recommendations in this report represent the views of the Council's appointed IRP in light of the evidence reviewed.

6.0 Future Work and Conclusions

- 6.1 Should the Panel's recommendations be agreed by the Council, the Scheme set out in Appendix 1 will apply for one year with effect from 1st April 2018.

6.2 The Scheme continues to be indexed to the Local Government staff pay award therefore, any award made for the 2018-19 financial year will be applied to the Scheme and backdated as appropriate.

6.3 The next review of allowances will take place in Autumn 2018, for implementation in 2019-20, and this will be a detailed review of the scheme.

7.0 Financial Implications

7.1 Based on the appointments made at Annual Council in May 2017 the actual cost of the scheme from 1 April 2018 is estimated to be £324,784, but is subject to variation following appointments at Annual Council in May 2018. This does not include any travelling, subsistence or carers' costs.

7.3 The estimated costs will be provided for in the 2018-23 Money Plan to be approved by Council in February 2018; the Money Plan will also include 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