

By: Fiona Leathers – Chairman of the Independent Remuneration Panel
To: County Council – 12 May 2011
Subject: Annual Report of the Independent Remuneration Panel

Summary: The County Council is invited to formally receive the annual report of the Independent Remuneration Panel and formally adopt the Members' Allowances Scheme for 2011/12.

Unrestricted

Background

1. Under the Local Authorities (Members' Allowances) (England) Regulations 2003, every relevant local authority is required to review its Members' Allowances Scheme at least once every four years and formally adopt a Members' Allowances Scheme each year. In doing so, local authorities are required to establish and maintain an Independent Remuneration Panel, whose function is to provide the local authority with advice and recommendations on its Scheme, the amounts to be paid and whether such allowances should be pensionable.

2. Local authorities must include in their Members' Allowances Scheme a basic allowance, payable to all Members, and may include provision for the payment of Special Responsibility Allowances (SRAs) and a dependents' carers' allowance. In addition, the 2003 Regulations allow the inclusion of a travel and subsistence allowance and a co-optees' allowance, within the Scheme.

The work of the Independent Remuneration Panel

3. The Council's Independent Remuneration Panel comprises three independent members appointed by the County Council. The current Panel members are:

Mrs Fiona Leathers (Chairman)
Mrs Linda Frampton
Mrs Elizabeth Tullberg

4. At its meeting on 25 June 2009, the County Council considered and approved the recommendations of the Independent Remuneration Panel with regard to the most recent four-yearly review of the Members' Allowances Scheme. At its meeting on 22 July 2010, further amendments were made to the Scheme in relation to Opposition SRAs and the level of the dependent carers' allowance and the revised Scheme is attached at **Appendix 1**.

5. Since the July 2010 revisions to the Scheme, the Panel has continued to work alongside the Standards Committee in relation to the format and content of the Members' Annual Reports. Specifically, the Panel wished to see what the benefits were of any learning and development activity undertaken by Members; and that the spending of the Members' Highways Grant should be included in the Annual Report, alongside the Individual Member Grant. It was also noted that the Head of

Democratic Services would ensure that each Member was provided with statistics on their meeting attendance and Individual Member Grant spend, which has hopefully made the completion of the reports easier for Members this year.

6. The Panel has reconsidered its previous view about pensions for Members. Whilst it accepted that the issue of affordability of the Members' Allowances Scheme is a matter for KCC to determine, the Panel decided to reaffirm its position that Members' remuneration should not be pensionable because the basic allowance is regarded as being high enough, especially when compared to other County Councils, for Members to fund their own stakeholder pensions.

7. The Panel intends to examine the respective roles of Committee Chairmen, the Conservative Spokesperson on the Cabinet Scrutiny Committee and the Leader of the second largest Opposition Group later this year. This will involve relevant Members being asked to complete a questionnaire; members of the Independent Remuneration Panel will attend a number of Committee meetings; and the Panel may well also wish to interview some of the Chairmen/Spokespersons, in order to gain a detailed understanding of their roles.

Proposed Changes to the Scheme for 2011/12

8. The Panel met on 28 April 2011 to consider a report from the Council's Selection and Member Services Committee, which had considered a reduction in the cost of Members' Allowances in 2011/12. The Panel was advised that the agreed Medium Term Financial Plan for 2011-13 includes a target for efficiency savings in "Members' Allowances and Overheads" of £200,000 in 2011/12. In relation to the proposed reductions in the cost of Members' Allowances, the Panel was advised that the following proposals had been made:

- A reduction in the cost of SRAs as a result of the reduction in the number of Deputy Cabinet Member positions from 12 to 10. In addition, two Deputy Cabinet Members will share one SRA. This delivers savings of **£39.9k**
- A reduction in the number of Policy Overview and Scrutiny Committees by one, which will deliver a saving of **£7.7k**
- A reduction in the basic allowance by 1.5%. This will affect all Members and deliver **£16.4k**
- A reduction in the remaining SRAs by 2.66%. This will deliver **£16k**

TOTAL £80K

9. It is the role of the County Council formally to amend the Members' Allowances Scheme, on the recommendation of the Independent Remuneration Panel. Accordingly, these proposals were discussed by the Panel with the three Group Leaders. The Leader of the Liberal Democrat Group made an alternative submission to the Panel, which suggested a fundamental review of both the number and proportion of SRAs shared between the Administration and the Opposition. Mrs Dean also suggested that the remainder of the £200K savings on Members Allowances and Overheads should come from Allowances rather than staffing reductions and, in respect of 2011/12, the level of the basic allowance should be reduced to its pre-

June 2009 level, i.e. £12,000, which would deliver savings of £84k. The Leader of the Labour Group also met with the Panel and recommended that reverting to a basic allowance of £12,000 for 2011/12 was the right thing to do and that it would not dissuade individuals from standing for election to the County Council.

10. After consideration and having heard the views of the three Group Leaders, the Panel's conclusions are as follows:

- (i) The Panel was disappointed not to have been consulted prior to the decision being made to reduce the budget for Members' Allowances and Overheads by £200k in 2011/12.
- (ii) In the current economic climate, a reduction in the cost of the Members' Allowances Scheme would be appropriate. This is confirmed by the latest benchmarking data from South East Employers, which indicates that KCC still pays the highest basic allowance of any local authority in their recent survey. The Panel therefore welcomes the proposal that Members should seek to agree a series of reductions to the Scheme. The Panel takes the view that the County Council is best placed to determine the quantum of the proposed reduction in their allowances, on the basis of affordability, impact on other spending priorities, public perception and appropriateness.
- (iii) However, the Panel notes that a significant part of the savings proposal agreed by the Selection and Member Services Committee emanates from a reduction in the cost of support officers rather than a reduction in the basic allowance and SRAs and feel that this emphasis should be reversed.

Mileage Rates

11. The Panel was advised at its meeting on 28 April 2011 of the decision of the decision by Her Majesty's Revenue & Customs (HMRC) to increase the Approved Mileage Allowance Payment (AMAP) from 40p per mile to 45p per mile for the first 10,000 miles of business travel in the tax year, but that the rate for mileage beyond 10,000 miles would remain at 25p per mile. It was advised that the corresponding cost of increasing mileage rates for elected Members would be in the region of £16k per year. Whilst it is not the role of the Panel to comment on the affordability of the Members' Allowances Scheme, nor whether the increase should be applied for staff and volunteers, the Panel was of the view that the increase in the AMAP should be applied for Members, as the current scheme is based on the cost of travel by private vehicles being reimbursed at the rates set for tax allowance purposed by HMRC. Above all, however, the Panel hoped that the County Council's decision would be the same for Members, staff and volunteers.

Legislative requirements

12. The Panel has been advised that the existing Members' Allowances Scheme should provide that a Member may elect to forgo their entitlement (or any part of it) to allowances, as required by Regulation 13 of the Local Authorities (Members' Allowances) (England) Regulations 2003 and this needs to be incorporated into the Scheme. Furthermore, it is a requirement of the 2003 Regulations that every local authority must formally adopt a new Members' Allowances Scheme each year (Regulation 10).

13. The Panel has also reviewed the scheme in relation to Regulation 14 of the 2003 Regulations, which requires there to be a time limit from the date on which an entitlement to dependent carers', travelling and subsistence and co-optees' allowances arises during which a claim for such allowances must be made. The Panel considers that this should be four months and recommends this to the County Council accordingly.

Recommendations

14. The County Council is invited to consider and determine the following recommendations of the Independent Remuneration Panel:

- a. To formally adopt the Members' Allowances Scheme for 2011/12, subject to the County Council's determination of the remaining recommendations;
- b. To agree the quantum of the reduction in cost of the Members' Allowances Scheme, as part of the County Council's cost-saving exercise for 2011/12
- c. To agree to apply the increase in the Approved Mileage Allowance Payment (AMAP) from 40p to 45p per mile for the first 10,000 miles of business travel in the tax year with immediate effect;
- d. To amend the Members' Allowances Scheme to include the provision contained in Regulation 13 of the 2003 Regulations in relation to Members electing to forgo their entitlement (or any part of it) to allowances; and that the time limit for the submission of claims for dependent carers', travelling and subsistence and co-optees' allowances, in accordance with Regulation 14 of the 2003 Regulations, should be four months from the date of the relevant duty

Fiona Leathers (Chairman)
Elizabeth Tullberg
Linda Frampton

3 May 2011

Members' Allowances Scheme

For the period 8 June 2009 to the election of the Council in May 2013

Adopted by the Council on 25 June 2009 and amended subsequently by the Council on 22 July 2010, as recommended by the Independent Remuneration Panel

BASIC ALLOWANCE - £13,000 per annum (inclusive of an element for routine subsistence expenditure on KCC duties).

SPECIAL RESPONSIBILITY ALLOWANCES

	%	£
Executive		
Leader	100	44,300
Cabinet Members (maximum 9)	65	28,795
Deputy Cabinet Members (maximum 12)	30	13,290
Council		
Chairman	33	14,600
Vice-Chairman	17.5	7,750
Planning Applications Committee Chairman	22	9,750
Other Committee Chairmen (13)^(a)	17.5	7,750
Conservative Spokesperson Cabinet Scrutiny Committee	17.5	7,750
Select Committee Chairmen (for period of review)	17.5	7,750
Opposition		
Leader of largest Opposition Group	20	8,860
Deputy Leader of largest Opposition Group	10	£4,430
Opposition Spokesmen (maximum 8)	7.5	£3,323

Notes:

- (a) **Other Committee Chairmen: Governance & Audit, Health Overview & Scrutiny, Policy Overview (x8), Regulation, Selection & Member Services, Superannuation Fund.**
- (b) **No Member to receive more than one Special Responsibility Allowance.**
- (c) **No other allowance to be payable.**

TRAVEL EXPENSES

Travel by private vehicles will be reimbursed at the rates set for tax allowance purposes by the Inland Revenue for business travel. Currently these are 40p per mile for the first 10,000 miles and 25p a mile thereafter.

Parking fees, public transport fares and any hotel expenses will be reimbursed at cost, but only on production of a valid ticket or receipt - the cheapest available fare for the time of travel should normally be purchased.

Taxi fares will only be reimbursed on production of a valid receipt and if use of public transport or the Member's own car is impracticable

Travel expenses will be reimbursed for any journey on council duties between premises as agreed for tax purposes (normally excluding journeys to constituents' homes).

Air travel and rail travel other than to/from London or within Kent should be booked through officers to enable use of discounting arrangements.

Travel expenses will only be reimbursed if claimed within four months.

Journeys undertaken in accordance with the following descriptions are allowed to be claimed for:

- (a) attendance at KCC premises to undertake KCC business, including attendance at Council, Cabinet and Committees, etc (including group meetings) and to undertake general Member responsibilities;**
- (b) representing KCC at external meetings, including Parish and Town Councils and those of voluntary organisations where the member is there on behalf of KCC;**
- (c) attendance at events organised by KCC and/or where invitations have been issued by County Officers or Members (including Chairman's events and other corporate events); and**
- (d) attendance at meetings/events where the Member is an official KCC representative (as determined by the Selection and Member Services Committee) or requested by the Leader or the relevant Cabinet Member.**

SUBSISTENCE EXPENSES

These are not normally reimbursed. Hotel accommodation should be booked through officers. Any other reasonably unavoidable costs related to overnight stays, excluding normal subsistence, will be reimbursed on production of a receipt.

DEPENDENTS' CARERS' ALLOWANCE

Members with care responsibilities in respect of dependent children under 16 or dependent adults certified by a doctor or social worker as needing attendance will be reimbursed, on production of valid receipts, for actual payments to a carer while the Member is on Council duties, up to a maximum of £10 per hour for each dependent child or adult. Money paid to a member of the claimant Member's household will not be reimbursed.

PENSIONS

Members are not eligible for admission to the superannuation scheme.

CO-OPTED MEMBERS

An allowance is payable to the Independent Chairman of the Standards Committee of £1,000 per annum and the daily rate for the remaining co-opted Members of the Standards Committee is payable at £200 per day.

NO OTHER ALLOWANCES ARE PAYABLE