

By: Chairman of the Independent Member Remuneration Panel

To: County Council - 21 May 2015

Subject: Annual Report of the Independent Member Remuneration Panel

Summary: This report sets out the Annual Report of the Panel and sets out our recommendations for the Member Allowances Scheme for 1 June 2015 to 31 May 2016.

1. Introduction

- (1) The Panel has met on two occasions to prepare its Annual Report. At its meeting on 14 January 2015 the Panel invited all the Leaders of the political groups to speak to the Panel about the current Members' Allowances so that the Panel could form a view on whether the Scheme was still appropriate or whether it wished to recommend any changes to the scheme.
- (2) Whilst not within the remit of the Member Remuneration Panel the Leaders of all the political groups had agreed that it would be helpful to the County Council to hear the views of three independent persons who make up the Panel on the liability for tax for past and present elected Members for home to office journeys made by them during the period 1 April 2009 to 30 April 2013.

2. Members' Allowances Scheme May 2015 to May 2016

- (1) The Panel interviewed each Group Leader individually to seek their views on the appropriateness of the Members' Allowances Scheme both in terms of the basic allowance paid to all elected Members and the Special Responsibility Allowances (SRAs).
- (2) The Panel was specifically asked to consider whether the level of allowances was appropriate and whether allowances should rise annually in line with an appropriate index. The Panel noted the background to recent changes to the scheme as follows:
 - In 2011 the Basic Allowance had reduced by 1.5% from £13,000 to £12,805. Those members of the administration in receipt of an SRA also agreed a reduction in their allowance of 2.66%.
- (3) The Panel noted that the County Council no longer has a "cost of living" increase for staff pay. All pay increases are dependent on performance. The "pot" used to pay performance awards is usually around 2.5% of the total pay bill, with those assessed as achieving receiving an award of around 2% (higher for those assessed above or outstanding). The pay scales are uplifted each year, usually by around half the value of "achieving" i.e. around 1%, although this partly depends on what can be afforded within the budget.

- (4) The Office for National Statistics also produce statistics on wage increases including and excluding bonuses. The average public sector increase excluding bonuses is currently 1%.
- (5) It was also noted that a number of other local authorities linked their Members Allowance Scheme to an index, for example Consumer Price Index (CPI) Retail Price Index (RPI) or staff pay.
- (6) At the conclusion of the first meeting of the Panel the Panel commissioned some research to be undertaken of other local authorities including those viewed to be the County Councils statistical neighbours to compare the amount paid to Members as a basic allowance and comparable SRAs.(see Appendix 1).
- (7) The Panel also asked for some research to be conducted into the changes in Her Majesty's Revenue and Customs (HMRC) changes to personal income tax during the period 1 April 2008 to 31 March 2015 to establish what impact these changes had in terms of personal disposable income during this period. The Panel acknowledge that every elected Members individual circumstances is personal to them but in real terms there had been changes to the tax threshold before basic rate income tax is paid which in practice will have been of benefit to a number of the elected Members.

Conclusions

- (8) Taking all this information and evidence into account the Panel concluded that Kent was at, or close to the top of the table as having high in both the basic and Special Responsibility Allowances. This included other Councils where there is already a link to an index so that there is an automatic uplift to their allowance scheme when it is triggered by the index they are using.
- (9) The Panel acknowledged that it is difficult to compare SRAs as the functions of posts that attract such allowances differ from Council to Council although in financial terms, Kent County Council's SRAs were higher than most other Councils.
- (10)The Panel therefore recommend that there should be no change to the Members' Allowances Scheme for the period May 2015 to May 2016. (see Appendix 2).However, the Panel were supportive of the principle of linking both basic and SRAs to an appropriate index when the scheme is next reviewed for the 2017 – 2021 Council term. The Panel's initial thoughts were to link this to staff pay but the Panel will be considering this further with a view to making a positive recommendation for the Scheme to be agreed following the County Council elections in 2017.

3. Tax Liability for Elected Members home to office journeys 1 April 2009 to 31 March 2013

(1) Although not within our statutory remit the Panel has considered at the request of the Group Leaders whether or not elected Members past and present should be asked to meet the tax liability for their home to office journeys for the period 1 April 2009 to 31 March 2013. At the time the County Council did not require elected Members to pay tax on these journeys. Her Majesty's Revenue and Customs (HMRC) had required for the tax for these journeys to be paid and the County Council had met this liability.

(2) Having listened very carefully individually to each of the elected Members the collective view of the members of the Panel is:

“We believe that every surviving Member of the County Council for the period 1 April 2009 to 31 March 2013 should be informed by the Corporate Director of Finance and Procurement of their tax liability for home to office journeys for this period (if any) and invited on a voluntary basis to repay the County Council for this tax liability”.

4. RECOMMENDATIONS:

The Panel recommend that:

- (a) there should be no changes to the Members' Allowance Scheme for 2015/16 but the County Council is asked to note the Panel's views about the introduction of indexation from 2017;
- (b) the County Council be recommended to formally adopt the scheme as set out in Appendix 2 to this report; and
- (c) note the views of the Panel requested by the political group leaders on the tax liability for home to office journeys made by elected members during the period 1 April 2009 to 31 March 2013.

Appendix 1- Comparison of Basic and Special Responsibility Allowances with some of our Statistical Neighbours

Authority	Basic Allowance
Essex	£11,500
Gloucestershire	£9,000.00
Hampshire	£12,003.00
Kent	£12,805.00
Lancashire	£10,139.00
Northamptonshire	£9,054.00
Suffolk	£10,273.74
Warwickshire	£8,975.00
Worcestershire	£8,515.00

Lowest	£8,515.00
Highest	£12,805.00
Mean average	£10,251.64

Authority	SRA Leader	SRA Deputy Leader	SRA Cabinet Member	Deputy/Assistant Cabinet Member/Lead Member	Chairman	Vice-Chairman
Essex	£53,500.00	£40,125.00	£35,310.00	£13,375.00	£21,680.00	£10,840.00
Gloucestershire	£27,000.00	£18,000.00	£18,000.00		£9,000.00	£2,700.00
Hampshire	£28,967.00	£17,379.00	£17,379.00		£17,634.00	£9,030.00
Kent	£42,109.00	£27,370.00	£27,370.00	£12,632.00	£13,878.00	£7,367.00
Lancashire	£28,953.00	£20,267.00	£15,924.00	£7,962.00		
Northamptonshire	£32,192.00	£21,126.00	£19,114.00	£5,030.00	£15,090.00	£4,024.00
Suffolk	£25,684.35	£17,979.05	£15,410.61	£5,136.87	£12,842.18	£5,136.87
Warwickshire	£22,476.00	£13,486.00	£10,023.00		£5,386.00	£2,693.00
Worcestershire	£31,074.47	£16,499.71	£16,499.71			

Lowest	£22,476.00	£13,486.00	£10,023.00	£5,030.00	£5,386.00	£2,693.00
Highest	£53,500.00	£40,125.00	£35,310.00	£13,375.00	£21,680.00	£10,840.00
Mean average	£32,439.54	£21,359.08	£19,447.81	£8,827.17	£13,644.31	£5,970.12

Authority	Health & Wellbeing Board or Health, Overview & Scrutiny Chairman	Planning Committee or Development Control Chairman	Regulation Committee Chairman	Scrutiny Chairman	Committee Chairman	Audit & Governance Committee Chair	Committee Deputy Chairman	Committee Vice-Chairman	Champion/ Panel Members
Essex				£16,050.00	£13,375.00				
Gloucestershire		£5,400.00		£5,400.00	£5,400.00	£5,400.00			
Hampshire	£14,433.00		£11,586.00		£11,586.00	£5,792.00		£2,901.00	
Kent	£7,367.00	£9,268.00	£9,268.00	£7,367.00	£7,367.00	£7,367.00			
Lancashire	£7,238.00	£8,686.00	£7,239.00		£7,238.00	£2,895.00	£3,402.00		£5,067.00
Northamptonshire		£11,066.00		£11,066.00	£10,060.00		£2,012.00		£4,024.00
Suffolk	£7,705.31				£5,136.87				
Warwickshire	£5,368.00	£5,368.00	£5,368.00		£4,185.00		£2,000.00	£2,693.00	
Worcestershire	£16,499.71	£9,734.84	£9,734.84	£9,734.84	£9,734.84				

Lowest	£5,368.00	£5,368.00	£5,368.00	£5,400.00	£4,185.00	£2,895.00	£2,000.00	£2,693.00	£4,024.00
Highest	£16,499.71	£11,066.00	£11,586.00	£16,050.00	£13,375.00	£7,367.00	£3,402.00	£2,901.00	£5,067.00
Mean average	£9,768.50	£8,253.81	£8,639.17	£9,923.57	£8,231.41	£5,363.50	£2,471.33	£2,797.00	£4,545.50

Authority	Leader of the Majority Group	Deputy Leader of the Majority	Main Group Whip or Group Business	Main Group Secretary	Main Opp Leader	Main Opp Deputy Leader	Main Opp Whip or Group Business	Main Opp Secretary	Main Opp Spokesperson	Main Opp Deputy Shadow	Minor Opposition Leader	Minor Opp Deputy Leader	Minor Opp Whip	Minor Opp Secretary	Minor Opp Spokesperson	2nd Minor Opp Leader	2nd Minor Opp Deputy Leader
Essex					£5,350.00						£5,350.00					£5,350.00	
Gloucestershire					£5,850.00				£1,500.00		£3,510.00						
Hampshire					£11,214.00						£8,911.00					£7,266.00	
Kent					£4,816.00	£2,500.00			£1,400.00	£700.00	£6,316.00	£2,000.00			£800.00	£6,210.66	£3,105.34
Lancashire			£4,343.00	£3,434.00	£15,924.00	£7,962.00	£2,895.00	£2,895.00			£8,686.00	£4,343.00	£1,448.00	£1,448.00			
Northamptonshire			£10,060.00		£15,090.00	£8,048.00	£4,024.00				£7,042.00						
Suffolk	£20,033.79	£15,025.34			£7,705.31	£5,778.98			£3,051.61		£4,623.18	£3,467.39				£4,109.50	£3,082.12
Warwickshire						£7,777.00					£4,667.00					£500.00	
Worcestershire					£9,734.84												
Lowest	£20,033.79	£15,025.34	£4,343.00	£3,434.00	£4,816.00	£2,500.00	£2,895.00	£2,895.00	£1,400.00	£700.00	£3,510.00	£2,000.00	£1,448.00	£1,448.00	£800.00	£500.00	£3,082.12
Highest	£20,033.79	£15,025.34	£10,060.00	£3,434.00	£15,924.00	£8,048.00	£4,024.00	£2,895.00	£3,051.61	£700.00	£8,911.00	£4,343.00	£1,448.00	£1,448.00	£800.00	£7,266.00	£3,105.34
Mean average	£20,033.79	£15,025.34	£7,201.50	£3,434.00	£9,460.52	£6,413.20	£3,459.50	£2,895.00	£1,983.87	£700.00	£6,138.15	£3,270.13	£1,448.00	£1,448.00	£800.00	£4,687.23	£3,093.73
NOTES:	Warwickshire	Conservative group spokespersons to be determined by the group leader and notified to the council from a total allocation of £14,000. Liberal Democrat group spokespersons and Labour group spokespersons have an allocation of £1,000 x number in their group to be allocated as determined by the group leader and notified to the council.															

APPENDIX 2

Appendix 7: Members' Allowances Scheme

For the period 1 June 2014 to 31 May 2015

Adopted by the Council on 15 May 2014

BASIC ALLOWANCE - £12,805 per annum (inclusive of an element for routine subsistence expenditure on KCC duties).

SPECIAL RESPONSIBILITY ALLOWANCES

	%	£
Executive		
Leader	100	42,109
Cabinet Members (maximum 9)	65	27,370
Deputy Cabinet Members (maximum 11)	30	12,632
Cabinet Committee Chairman (maximum 6)	17.5	7,367
Council		
Council Chairman	33	13,878
Council Vice-Chairman	17.5	7,367
Planning Applications Committee Chairman	22	9,268
Regulation Committee Chairman	22	9,268
Other Committee Chairmen (a)	17.5	7,367
Scrutiny Committee Chairman	17.5	7,367
Select Committee Chairmen (for period of review)	17.5	7,367
Opposition		
Leader of each Opposition Group (of at least five members)	15	6,316 plus £500 for each additional Group Member

Notes:

- Other Committee Chairmen: Governance & Audit, Health Overview & Scrutiny and Superannuation Fund.
- No Member to receive more than one Special Responsibility Allowance.
- 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 45p 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).

VAT receipts for fuel must always be provided to accompany Members' expense claims and any instructions issued by the Director of Governance and Law in relation to the submission of expense claims complied with.

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

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 who incur expenses themselves in respect of care responsibilities for 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 Members' household will not be reimbursed. In

the case of an allowance for the care of a dependent relative, the relative must reside with the councillor, be dependent on the councillor and require constant care.

PENSIONS

Members are not eligible for admission to the superannuation scheme.

CO-OPTED MEMBERS

An allowance is payable to the Independent Person of £500 per annum plus a daily rate of £100 (pro rata for part of a day). An allowance is paid to the members of the Independent Remuneration Panel of £100 per day.

ELECTION TO FORGO ALLOWANCES

In accordance with Regulation 13 of the Local Authorities (Members' Allowances) (England) Regulations 2003, any Member may elect to forgo all or any part of their entitlement to allowances, by notice in writing to the Head of Democratic Services.

SUBMISSION OF CLAIMS

In accordance with Regulation 14 of the Local Authorities (Members' Allowances) (England) Regulations 2003, the time limit for the submission of claims relating to travel, subsistence, co-optees and dependent carers allowances is four months from the date the expense was incurred.

NO OTHER ALLOWANCES ARE PAYABLE