

## **Meeting of the Council – 7<sup>th</sup> October, 2013**

### **Report of the Cabinet**

### **Report of the Independent Remuneration Panel on the Members' Allowances Scheme**

#### **Purpose of Report**

1. To present the report of the Independent Remuneration Panel on a review of the Members' Allowances Scheme.

#### **Background**

2. As agreed by the Council on 16<sup>th</sup> May, 2013, a review of the Members' Allowances Scheme has been undertaken by an Independent Remuneration Panel. This report presents the findings and recommendations of the review.
3. The attached report of the Independent Remuneration Panel sets out recommendations for consideration by the Council. The Independent Panel recognised that Dudley is a low cost, low spend Authority and Members' allowances are either the lowest or in the lowest quartile compared to other similar Authorities. The Panel recommends that indexing arrangements for Members' allowances should continue, but that there should be no further increase in the levels of allowances taking into account the difficult economic position and budget pressures for the Council. In addition the Panel recommends that no special responsibility allowance is paid to the Chairs and Vice-Chairs of Community Forums or the Ernest Stevens Trusts Management Committee.
4. The Cabinet considered this report at its meeting on 18<sup>th</sup> September, 2013 and referred the recommendations of the Independent Remuneration Panel to the Council for approval. Additional comments were made at the Cabinet meeting that consideration should be given to reducing the number of Councillors to two per ward to achieve further financial savings alongside a more fundamental review of the Members' Allowances Scheme. The Chief Executive has been requested to consider this issue taking account of the relevant legislative requirements and other considerations.

## **Finance**

5. The existing Allowances Scheme provides for indexation arrangements linked to cost of living pay increases for local authority staff whose pay award is determined by the National Joint Council. This provision must be reviewed every four years. At the time the Independent Panel's report was written, the 2013 pay increase for local authority staff had not been finalised. The previously agreed indexation arrangements will be applied for 1<sup>st</sup> April, 2013.
6. The financial implications of the Independent Remuneration Panel's recommendations will be contained within existing budgets. The actual total cost of Special Responsibility Allowances may vary from year to year, depending on the number of Members who are appointed to more than one office.

## **Law**

7. The Local Authorities (Members' Allowances) (England) Regulations, 2003 set out the arrangements for setting Members' Allowances or amending an existing scheme. In making an amendment to the existing scheme, the Council must have regard to the recommendations of a local Independent Remuneration Panel and any amendments to the Scheme must be published in accordance with Regulation 16.

## **Equality Impact**

8. This report complies fully with the Council's policies on equality and diversity and there are no implications for services to children and young people.

## **Recommendation**

9. That the recommendations contained in the attached report of the Independent Remuneration Panel concerning the Members' Allowances Scheme be approved and adopted.



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**Leader of the Council**



## **Dudley Metropolitan Borough Council**

### **Report of the Independent Remuneration Panel on Members' Allowances**

#### **1. Introduction**

- 1.1 At the Annual Meeting on 16<sup>th</sup> May, 2013, Dudley Metropolitan Borough Council endorsed the establishment of an Independent Remuneration Panel concerning the Members' Allowances Scheme and requested that the Panel submit its recommendations to the Council. This report contains recommendations from the Independent Panel, which have been unanimously agreed.

#### **2. Membership of the Panel**

- 2.1 The Panel comprised the four independent persons who have been appointed under the standards provisions of the Localism Act 2011, namely the Bishop of Dudley (Rt Revd D Walker), Mrs V Ainsworth, Mr F Bell and Mr T Turner. The Director of Corporate Resources and the Treasurer supported the Panel in its deliberations.

#### **3. Terms of Reference**

- 3.1 Under the Local Authorities (Members' Allowances) (England) Regulations 2003, the Council has a duty to review the indexing arrangements in the Members' Allowances scheme every 4 years.
- 3.2 The Council also has a duty to have regard to recommendations made by an Independent Remuneration Panel when reviewing the Members' Allowances Scheme.
- 3.3 The Panel was requested to review the provisions of the Members' Allowances Scheme in the context of recent changes to the Council's governance arrangements.

#### **4. Background**

- 4.1 The Council adopted its current scheme of Members' Allowances on 13<sup>th</sup> July, 2009. There have been no increases in Members' Allowances since 2009 as the Allowances are linked to pay awards for Council staff.

- 4.2 The Panel received the current Members' Allowances Scheme, the report and resolution of the Council dated 13th July, 2009 and the reports produced by the Standards Committee and Independent Remuneration Panel at that time. Information was supplied concerning the actual amounts of allowances claimed by Dudley Councillors in 2012/13 and comparator information from other neighbouring Councils and other local authority areas of a similar size.
- 4.3 The Council has made some significant changes to its governance arrangements over the past year. In particular, the former Area Committees have been replaced with 10 Community Forums. New Scrutiny arrangements came into effect from the Annual Council meeting on 16<sup>th</sup> May 2013. The Panel received information on the Council's revised governance arrangements from 2013/14.
- 4.4 The key issues considered by the Independent Remuneration Panel were:
- The ongoing indexing arrangements.
  - The positions that qualify for Special Responsibility Allowances in the context of the new governance structures.
  - Current and future remuneration levels taking account of relevant factors such as comparisons with other authorities and the financial situation.
  - Local issues concerning the expenses Members are expected to meet out of Basic Allowance.
  - The views expressed by Councillors on the Members' Allowances Scheme in response to consultation undertaken by the Director of Corporate Resources.

## **5. Findings**

- 5.1 The Panel took account of comments submitted by 8 Members of the Council in response to the consultation. The general consensus was that the existing allowances scheme remains appropriate. The majority of respondents accepted that it is not appropriate to increase allowances at this time taking account of the difficult economic position and budget pressures faced by the Council.
- 5.2 The Panel did, however, note specific comments concerning remuneration levels in the context of Members who are in full time employment, the difficulties in attracting younger people to become Councillors, increasing use of mobile technology and the ever-increasing demands placed on Councillors and public services by the community.

- 5.3 The Panel accepted the principle that the indexing arrangements for Members' Allowances being linked to Officer pay should continue.
- 5.4 The Panel considered the changes in the Council's governance structures, most notably the changes in Scrutiny Committees and Community Forums. The Panel felt that, should the Council be minded to make any additional payments for Scrutiny Chairs/Vice-Chairs, this would need to be funded from the overall 'cost envelope' for example, by decreasing other allowances. The consensus of the Panel was against this proposal.
- 5.5 With regard to Community Forums, the Panel considered that no Special Responsibility Allowances should be paid as these are not formal Committees of the Council.
- 5.6 Similarly, the Ernest Stevens Trust Management Committee exists for charitable purposes and would not justify separate Special Responsibility Allowance payments.
- 5.7 The Panel recognised that Dudley MBC is a low cost, low spend authority and that in relative terms, allowances are low compared to other authorities. Of the 19 authorities listed in the comparator data, Dudley was joint 4<sup>th</sup> lowest in terms of Basic Allowance. The Leader's Special Responsibility Allowance was the 3<sup>rd</sup> lowest; the Deputy Leader, Cabinet Members and Scrutiny Chairs Special Responsibility Allowances were the lowest; the Chair of the Development Control Committee was 4<sup>th</sup> lowest and the Opposition Group Leader's Special Responsibility Allowance was the 2<sup>nd</sup> lowest. The Panel did, however, note that some authorities have fewer members whilst others are considering the overall number of elected Members in the context of their budget positions.

## **6. Recommendations**

- 6.1 That the indexing arrangements for Members' Allowances continue to be on the basis of the agreed cost of living pay increases for local authority staff whose pay award is determined by the National Joint Council.
- 6.2 That there be no further increase in the levels of Members' Allowances taking account of the difficult economic position and budget pressures for the Council.
- 6.3 That no separate Special Responsibility Allowances be paid for the Chairs and Vice Chairs of Community Forums or the Ernest Stevens Trust Management Committee.
- 6.4 That the Scheme for Members' Allowances, as attached to this report, be recommended to the Council for adoption as part of the review of the Constitution in September, 2013.

**Independent Remuneration Panel  
July, 2013**

**Background Documents**

Minutes and Reports to Dudley MBC dated 13<sup>th</sup> July, 2009  
Minutes and Reports of Standards Committee dated 30<sup>th</sup> April, 2009  
Report of Independent Remuneration Panel 2009  
Dudley MBC Scheme of Members' Allowances  
Members Allowances Comparison Data – Neighbouring and Other Local  
Authorities  
Minutes and Reports to Dudley MBC – Annual Council Meeting – 16<sup>th</sup> May  
2013  
Summary of Members responses to the review of Members' Allowances  
Scheme – May 2013  
Dudley MBC – Members' Allowances Payments 2012/13

DUDLEY METROPOLITAN BOROUGH COUNCIL

LOCAL GOVERNMENT AND HOUSING ACT 1989

LOCAL AUTHORITIES (MEMBERS' ALLOWANCES) (ENGLAND)  
REGULATIONS 2003

LOCAL GOVERNMENT PENSION SCHEME AND DISCRETIONARY  
COMPENSATION (LOCAL AUTHORITY MEMBERS IN ENGLAND)  
REGULATIONS 2003

SCHEME FOR MEMBERS' ALLOWANCES

1. Effective Date

1.1 This Scheme shall be effective from 1<sup>st</sup> April, 2014.

1.2 Members may elect to forego any part of their entitlement to an allowance under this Scheme by giving notice in writing to the Director of Corporate Resources.

2. Basic Allowance

2.1 Each elected member of the Council will receive an annual basic allowance, to be paid in monthly instalments in arrears. This shall be £9,300.

3. Telephone Costs and Travel and Subsistence

3.1 The costs of telephones are incorporated within the basic allowance.

3.2 The cost of travel and subsistence in the West Midlands County area is incorporated into the basic allowance.

3.3 Regarding travel outside of the West Midlands County area: -

(a) Members are required to travel by public transport wherever practicable, the cost of which shall be reimbursed or paid directly.

(b) Where the use of public transport is not practicable, the cost of travel will be reimbursed on the basis of casual user car allowances payable to officers.

(c) Where members are unable to take main meals in their normal place, the reasonable cost of purchasing a meal and beverage or appropriate refreshments shall be reimbursed, subject to receipts being produced where practicable.

4. Special Responsibility Allowances

- 4.1 The Special Responsibility Allowances payable under this Scheme shall be those set out in Appendix 1 attached. They will be paid in monthly instalments in arrears.
- 4.2 The Special Responsibility Allowances payable to Opposition Party Leaders and Deputy Leaders shall be applicable only where their political group is ten or more elected members in number.

5. Multiple Allowances

- 5.1 Where a Member holds more than one office qualifying for a Special Responsibility Allowance, the Member shall be paid the higher or highest allowance only.

6. Inflation increases

- 6.1 The allowances in this Scheme shall be varied each year in line with the agreed cost of living pay increases for Local Authority staff whose pay award is determined by the National Joint Council commencing on 1<sup>st</sup> April, 2014.

7. Pensions for Councillors

- 7.1 All elected members shall be entitled to membership of the Local Government Pension Scheme, and both Basic and Special Responsibility Allowance shall be deemed to be pensionable.

8. Carer's Allowance

- 8.1 Where an elected member is required to pay a carer in order to attend official Council business, reasonable actual costs of that care will be reimbursed.

9. Absence

- 9.1. All the allowances in this Scheme will be withdrawn if a Member has been absent for more than three months without good cause.

10. Processing of Claims

- 10.1 The Director of Corporate Resources will maintain a Record of all Allowances paid showing the name of the recipient, the amount and the nature of the payment. The record will be available for inspection free of charge by any local government elector for the area of the Borough Council at all reasonable times. Copies of any part of the record may be made.



APPENDIX 1

SPECIAL RESPONSIBILITY ALLOWANCES

	Cabinet/Chair £	Deputy/Vice £
Leader of the Council	23,250	
Deputy Leader		11,625
Cabinet Member	6,975	
Scrutiny Committees (incl. Audit)	4,650	1,550
Development Control Committee	6,975	2,325
Other Committees (ie: Appeals, Licensing & Safety and Taxis)	4,650	1,550
Opposition Leaders	4,650 <sup>1</sup>	1,550 <sup>1</sup>

1. Subject to the provisions of paragraph 4.2 of this Scheme.