

**A Review of the Isle of Wight Council
Members' Allowances Scheme**

Tenth Report of the Independent Remuneration Panel

December 2012

Contents Page

	Page
Foreword	3
Executive Summary	4
Introduction and Background to the Review	5
Introduction	5
Background	5
Methodology	5
The Panel's deliberations and analysis	6
Conclusions and recommendations	7
List of Appendices	8
Appendix 1: Email to members.	9
Appendix 2: Summary of responses to the consultation with the Panel's views.	11
Appendix 3: Amended Members' Allowances Scheme as recommended by the Panel, with changes highlighted in red.	13

FOREWORD

This is the tenth Report of the Isle of Wight Independent Remuneration Panel. This particular year the Panel has 2 new members, myself and Mike Anderson, replacing Peter Savory and the vacancy left last year by David Farnham.

We have reviewed the members allowances scheme however given the in depth work undertaken by the Panel over its previous reports, the current wider economic situation, and that there are local elections next year that may well require a very thorough review of the allowances scheme the Panel have concluded that the current scheme requires little amendment – hence our modest recommendations.

In developing this report, the Panel wishes to thank those members who provided their views. We also wish to gratefully acknowledge the administrative and technical support given to us by the Corporate Governance Manager and his PA Lucy McLaughlin, in undertaking this work.

*Max Morrison
Chairman, Isle of Wight Independent Remuneration Panel
December 2012*

EXECUTIVE SUMMARY

1. The Independent Remuneration Panel has undertaken a review of the Members' Allowances Scheme in the light of the prevailing economic circumstances, and in particular has considered the interim Special Responsibility Allowances (SRA) awarded to the Chairman and Vice Chairman of the Regulatory Committee and the Chairman of the Appeal Committee.
2. As a result of this review the Panel recommends that:
 - a. That given the continued economic situation, and that there is still a public sector pay freeze in place, that again there should be no general uplift in the allowances paid to members.
 - b. That the Special Responsibility Allowances (SRAs) for the Chairman and Vice Chairman of the Regulatory Committee and the Chairman of the Appeals Committee be:

Chairman of the Regulatory Committee – £10,274 pa
Vice Chairman of the Regulatory Committee - £3,952 pa
Chairman of the Appeals Committee - £1,580 pa

(This is the same as the interim SRA awarded for these posts by Council in May 2012)
 - c. That a full and thorough review of all the allowances be undertaken after the election in 2013, particularly as the last full review was undertaken in 2009.
 - d. That the posts of Designated Independent Persons (DIPS), appointed to replace the previous Ethical Standards Committee, receive an annual allowance of £301 (in line with the interim payment awarded by the Council to these posts in June 2012).
 - e. That there be no change to the process for the distribution of the on island travel lump sum.

INTRODUCTION AND BACKGROUND TO THE REVIEW

Introduction

3. This is the tenth Report from the Independent Remuneration Panel, the previous ones having been considered by Council in 2001, 2003, 2004, two in 2006, one in 2009, 2010, 2011 and 2012. The first two reports were chaired by Dr Declan Hall with Professor David Farnham then chairman until 2011. The 2012 report was chaired by Mr Peter Savory, with this being the first report prepared under the chairmanship of Mr Max Morrison.
4. The membership of the Panel has changed on six occasions and the current members are:
 - Mr Max Morrison – Chairman
 - Mr Brian Herbert
 - Ms Annette Mosdell
 - Mr Mike Anderson
5. Under the Local Authorities (Members' Allowances) (England) Regulations 2003 and subsequent amendments to these regulations (SI 1022 and SI 1692), all authorities have to establish an Independent Remuneration Panel to make recommendations to the Council on Members' allowances. The Council needs to have regard to the recommendations of the Panel but can substitute its own decisions. It is crucial to recognise this, as the existing Members' Allowances Scheme (as set out in the Council's Constitution) has been developed over the last dozen years or so, with not all the recommendations of previous Panels having been adopted.
6. However, at its Annual meeting on 17 June 2009 Council agreed that when receiving the recommendations of any future review, Council would adopt a Members' Allowance scheme in line with those recommendations and Council have consequently adopted, in full, the Panel's recommendations since that date.

Background

7. The last review undertaken by the Panel reviewed all aspects of the Members' Allowances Scheme and the Panel's recommendations were accepted in full by the Council on 25 January 2012. In agreeing the recommendations the Council requested that an annual review of the Scheme take place in 2012.
8. In May and June of 2012 Council also asked the Panel to consider the interim SRAs for the Chairman and Vice Chairman of the Regulatory Committee, the Chairman of the Appeals Committee and the allowance for the Designated Independent Persons (DIPS).

Methodology

9. The Panel began its review of the Members Allowances Scheme in October 2012. The Panel agreed at an early stage that, in the prevailing economic circumstances and with the continued public sector pay freeze, it was unlikely

that it would feel it appropriate to agree any across the board increases in allowances. However, the Panel was keen to hear the views of the members about how the scheme was working and whether there might be any other proposals that the Panel should address. The Panel also took the initial views that the interim SRAs and allowances that had been awarded by the Council were correct.

10. On behalf of the Chairman of the Panel an email was sent (Appendix 1) to all members seeking their views. At Appendix 2 is a list of the responses received (a total of 10 responses were received), with the views of the Panel to each point raised next to the point made.
11. The Panel also considered the benchmarking data for members allowances across the region.

THE PANEL'S DELIBERATIONS AND ANALYSIS

12. The Panel noted that 5 responders expressed their support to the initial proposals suggested by the Panel.
13. Various other points were made and the Panel's comments to each of these are set out in Appendix 2. However the Panel would like to focus on 2 particular points made during the consultation phase:
 - a. A responder expressed concern at the perceived difference in work undertaken by elected members for the same basic allowance. The Panel are aware that under the present Allowances Scheme members are required to produce a 300 word annual report (other than in an election year) that is published on the Council's web pages for the member. Whilst heartening to note that the vast majority of members do complete this annual report the Panel regret that not all members have completed such a report. This may be something that either the Council, or its political leadership, may consider. The Panel will keep this under review.
 - b. On the issue of the allowance for the Parent Governor representative on the Children and Young People's Scrutiny Panel, whilst the comments are noted, the Panel feel that those who undertake this role should receive a modest recognition. Those entitled to receive the allowance are free to decline to accept it if they so wish (as are all recipients of allowances).
14. The Panel has considered the benchmarking data produced by the South East Employers (available on request from Chris Mathews), and whilst comparisons need to be treated with caution it is noted that the Isle of Wight Council's allowances are in the "middle of the field" but are not ungenerous.

Regulatory Committee Chairman and Vice Chairman and Appeals Committee Chairman SRA

19. The major part of the Panel's consideration this year was around the interim SRA awarded by the Council to the Regulatory Committee Chairman and Vice Chairman and Appeals Committee Chairman.
20. The Panel noted that in its last report it had made a recommendation for the SRA of the Chairman and Vice Chairman of a Regulatory Committee that would assume the roles of the now Appeals Committee. The Panel noted the methodology used by the Council in determining an interim SRA and given that this methodology was based on that that the Panel would use the Panel is of the view that the interim award is the correct one.

Allowance for Designated Independent Persons

21. These are new posts required by the Localism Act 2011 and replace the independent members of the former Ethical Standards Committee. The interim allowance awarded was based on that paid to the former independent members of the Ethical Standards Committee who were then able to claim an additional allowance for each case that they considered. Given the potential workload of the new DIPs, and that they would not need to attend as many meetings as previously the case, the Panel again considered that the interim allowance awarded was the correct level.

General

22. The Panel also recommend that they review the overall scheme in the Autumn of 2013, to take into account the prevailing economic climate and any changes to structure and organisation following the elections in May 2013.

CONCLUSIONS AND RECOMMENDATIONS

23. The Panel noted the views expressed and all the evidence received. It was also very mindful of the current economic climate and severe financial pressure under which the Council found itself.
24. **As a result of this review the Panel recommends that:**
 - a. **That given the continued economic situation, and that there is still a public sector pay freeze in place, that again there should be no general uplift in the allowances paid to members.**
 - b. **That the Special Responsibility Allowances (SRAs) for the Chairman and Vice Chairman of the Regulatory Committee and the Chairman of the Appeals Committee be:**

Chairman of the Regulatory Committee – £10,274 pa
Vice Chairman of the Regulatory Committee - £3,952 pa
Chairman of the Appeals Committee - £1,580 pa

(This is the same as the interim SRA awarded for these posts by Council in May 2012)

- c. That a full and thorough review of all the allowances be undertaken after the election in 2013, particularly as the last full review was undertaken in 2009.**
- d. That the posts of Designated Independent Persons (DIPS), appointed to replace the previous Ethical Standards Committee, receive an annual allowance of £301 (in line with the interim payment awarded by the Council to these posts in June 2012).**
- e. That there be no change to the process for the distribution of the on island travel lump sum.**

LIST OF APPENDICES

Appendix 1: Email to members.

Appendix 2: Summary of responses received and the Panel's comments to those responses.

Appendix 3: Amended Members' Allowances Scheme as recommended by the Panel, with changes highlighted in red.

APPENDIX 1

Dear Members

The Independent Remuneration Panel is carrying out its annual review of the Members' Allowance Scheme.

I have the pleasure of having been elected as Chairman of that Panel. I am writing to you all to seek any views you may have on the existing scheme, and our initial thoughts on what we might be recommending in our final report which is due to be considered at the meeting of Full Council in January 2013.

The Panel's initial views are:

1. That given the continued economic situation, and that there is still a public sector pay freeze in place, that again there should be no general uplift in the allowances paid to members.
2. The Panel were asked to consider the interim Special Responsibility Allowances that have been awarded (subject to the final recommendations of the Panel) to the Chairman and Vice Chairman of the Regulatory Committee and the Chairman of the Appeals Committee. The Panel notes that when approving these interim Special Responsibility Allowances (SRAs) Council took into account the previous approach of the Panel to treat SRAs as a factor of the basic allowance and that the SRA for the Chairman and Vice Chairman of the Regulatory Committee was adjusted down from that previously recommended by the Panel. This was due to the fact that the original recommendation was based on the presumption that these roles would also take on the role that is now retained for the Appeals Committee. The Panel feel that Council approached these interim SRAs in a responsible manner, and unless any Member (and for these three SRAs the Panel would be particularly interested to hear from the current post holders) has any other compelling reason for the Panel to consider a different SRA, the Panel is minded to recommend that these SRAs be approved at their current level.
3. In making the above initial view, the Panel are also mindful that it is anticipated that next year, after the election, a full and thorough review of all the allowances may well be required, particularly as the last full review was undertaken in 2009.
4. The Panel were also briefed on the small interim allowance paid to the Designated Independent Persons (£301 pa) and how these posts have replaced the previous independent members of the Ethical Standards Committee. The Panel understood the change in role and, in fact, that this was a new role. Given that, the Panel's initial view again is that these should remain unaltered for this year.
5. Finally, the Panel considered the small change that had been introduced last year to ease the administration of the distribution of the on island travel lump sum. It was noted that this had not caused any problems, and had indeed significantly reduced the amount of administration involved, whilst removing the changes of the amounts paid to all members just because one post holder

changes, without significantly increasing the budget required. Again the Panel's view is that this process need not be changed for this year.

Should you have any views on the above, or indeed any element of the wider existing Members' Allowances Scheme, please email these to ??????? who will present any comments received for our consideration.

Regards

Max Morrison
Chairman Independent Remuneration Panel

APPENDIX 2

Summary of points raised from IRP Consultation

40 members of the Isle of Wight Council and 10 co-opted members were consulted via email on 29 October 2012. 10 responses to this consultation were received.

COMMENT RECEIVED	PANEL'S COMMENTS
Four members wrote agreeing with the points that no changes be made at the current time and to review after the next election.	No comment needed.
<p>One member agreed with points 1 to 4 – but requested that it was noted that as an IWC Cabinet member an SRA was received and on that basis does not claim any additional SRA for the role of chair of the Hampshire Police & Crime Panel (PCP) which is a position currently also held. Subject to re-election next year and continued membership of the cabinet, it was anticipated this would remain the position.</p> <p>However for information any chair of the Hampshire PCP not in receipt of an SRA from their local authority would be eligible for the SRA allocated in the PCP budget, which is allocated centrally and managed by Hampshire County Council.</p>	Noted – but no action needed from the Independent Remuneration Panel at this moment in time.
There was a question with regard to the entitlement of a Special Allowance for the Cabinet Secretary as it is unclear what role the Cabinet Secretary performs. Because the Cabinet Secretary does not issue a report for scrutiny- the value of this position is unclear.	Matter for the political leadership – though when the Independent Remuneration Panel reviewed this post they did recognise that it was primarily internal facing.
Comment was made with regard to work load and meetings which are attended and being paid a basic allowance (working 30-60 hrs per week), whilst others may only attend a handful of meetings, and receive the same entitlement. In the last year a member attended 58 IW Council meetings, whilst there are a number of members who have attended much fewer, and received identical remuneration. Again, it is not clear what outside bodies these members attend within their capacity as members and again what value for money these members give.	<p>Noted – but the Independent Remuneration Panel, backed by the government's guidance on allowances, has stressed the need to move away from a meetings based approach as a local member can be effective and active without necessarily attending a large number of meetings. The transparency of this is partially addressed by the need for members to complete an annual report (that is published on their web site).</p> <p>The Panel regrets that not all members have completed an annual report and the Panel will keep this under review.</p>
It was requested that the panel relook at Bembridge Brading St Helens ward as this	The creation of this 2 member ward was something the Boundary

<p>ward is twice the size of any other ward. It was queried whether payment is based on number of voters, the workload or some other factor?</p> <p>If we are paying chairmen an SRA for one extra meeting a month, why should ward members here not get an additional allowance? Looking after 6000 clearly takes more time, effort and expenses than looking after 3000</p>	<p>Commission created at the last review of the electoral wards. The issue was looked at by the Panel last year and it was felt that no action was needed as the 2 members from that Ward share the roughly double the electorate but the same average as other members.</p> <p>The Chairman's allowance reflects the additional responsibility other than just attending (and running) the Council meeting.</p>
<p>There was a comment with regard to the inadequate allowance allocated to the Vice Chairman of the Council. As the time commitment and travel requirements for this post were significant.</p>	<p>This SRA was set by the Panel at its report before last and the role has not changed in the meantime.</p>
<p>There is scope to reduce the Educational co-optee allowance. Parent Governors across the Island volunteer for their schools, and it may seem disproportionate to have a significant allowance for the Children and Young People Scrutiny Panel Parent Governor Representative role. The option simply to not take the allowance may impact lower earners' ability to claim tax credits. Further, the allowance could be seen as a reason to stand for election for the role, rather than a core desire to scrutinise and add value to the system.</p> <p>Whilst not within the remit of the panel, perhaps the saving made from the allowance could fund the officer time required to facilitate a more sensible start time for meetings, which currently may make attendance by economically-active candidates difficult</p>	<p>The current allowance for these positions is £818 per annum – these positions are expected to take an active part in the Scrutiny of the education function and the modest amount is to cover their costs etc. A recipient is free to decline the allowance if they so wish.</p> <p>Noted but not in the remit of the panel.</p>

MEMBERS' ALLOWANCES SCHEME

This Member' Allowances Scheme has been established under the Local Authorities (Members' Allowances) (England) Regulations 2003 (and any amendments to those regulations).

1. This scheme may be cited as the Isle of Wight Council Members' Allowances Scheme.

2. In this scheme,

"councillor" means a member of the Isle of Wight Council who is a councillor;

"co-opted member" means a Co-opted or Independent Member of the Scrutiny Committee and Ethical Standards Committee;

"year" means the 12 months ending with 31 March.

3. **Basic Allowance**

Subject to paragraph (6), for each year a basic allowance shall be paid to each councillor. The amount of the allowance will be reviewed in accordance with paragraph (8). For the year **2012/2013** the allowance is £7,903.

4. **Special Responsibility Allowances**

(a) For each year a special responsibility allowance shall be paid to those councillors who hold the special responsibilities in relation to the authority that are specified in Schedule 1 to this scheme.

(b) Subject to paragraph (6), the amount of each such allowance for **2012/13** shall be the amount specified against that special responsibility in that schedule. The allowances will be reviewed in accordance with paragraph (8).

5. **Renunciation**

A councillor or co-opted member may by notice in writing given to the Chief Financial Officer elect to forego any part of his entitlement to an allowance under this scheme.

6. **Part-year Entitlements**

(a) The provisions of this paragraph shall have effect to regulate the entitlements of a councillor or co-opted member to allowances where, in the course of a year, this scheme is amended or that councillor or co-opted member becomes, or ceases to be, a councillor or co-optee, or accepts or relinquishes a special responsibility in respect of which a special responsibility allowance is payable.

- (b) If an amendment to this scheme changes the amount to which a councillor or co-opted member is entitled by way of any allowance, then in relation to each of the periods
 - (i) beginning with the year and ending with the day before that on which the first amendment in that year takes effect, and
 - (ii) beginning with the day on which an amendment takes effect and ending with the day before that on which the next amendment takes effect, or (if none) with the year,

the entitlement to such an allowance shall be to payment of such part of the amount of the allowance under this scheme as it has effect during the relevant period as bears to the whole the same proportion as the number of days in the period bears to the number of days in the year.

- (c) Where the term of office of a councillor or co-opted member begins or ends otherwise than at the beginning or end of a year, the entitlement of that councillor or co-opted member to any allowance shall be to the payment to such part of the allowance as bears to the whole the same proportion as the number of days during which his term of office subsists bears to the number of days in that year.
- (d) Where this scheme is amended as mentioned in sub-paragraph (b), and the term of office of a councillor or co-opted member does not subsist throughout the period mentioned in sub-paragraph (b)(i), the entitlement of any such councillor or co-opted member to any allowance shall be to the payment of such part of the allowance referable to each such period (ascertained in accordance with that subparagraph) as bears to the whole the same proportion as the number of days during which his term of office as a councillor or co-opted member subsists bears to the number of days in that period.
- (e) Where a councillor or co-opted member has during part of, but not throughout, a year such special responsibilities as entitle him or her to a special responsibility allowance, that councillor's entitlement shall be to payment of such part of that allowance as bears to the whole the same proportion as the number of days during which he has such special responsibilities bears to the number of days in that year.
- (f) Where this scheme is amended as mentioned in sub-paragraph (b), and a councillor or co-opted member has during part, but does not have throughout the whole, of any period mentioned in sub-paragraph (b)(i) of that paragraph any such special responsibilities as entitle him or her to a special responsibility allowance, that councillor's or co-opted member's entitlement shall be to payment of such part of the allowance referable to each such period (ascertained in accordance with that sub-paragraph) as bears to the whole the same proportion as the number of days in that period during which he or she has such special responsibilities bears to the number of days in that period.

7. Payment of Allowances

- (a) Payments shall be made

- (i) in respect of any allowances, subject to sub-paragraph (b), in instalments of one-twelfth of the amount specified in this scheme on the last working day of each month;
 - (ii) in respect of claims for travelling, for Council business off the Isle of Wight, on the last working day of each month in respect of claims received up to the day 14 days before that date. Claims shall be made on the prescribed forms obtainable from the **Cabinet Support Officers or Democratic Services**. The maximum amounts reimbursable are prescribed by the Secretary of State for the Environment; the rates for **2012/2013** are set out in paragraph 12 below. The duties for which these claims are approved are all off Island activity connected with Council business. All such claims must be supported by evidence of expenditure for every item in the claim.
- (b) Where a payment of one-twelfth of the amount specified in this scheme in respect of any allowance would result in the councillor or co-opted member receiving more than the amount to which, by virtue of paragraph (6), he or she is entitled, the payment shall be restricted to such amount as will ensure that no more is paid than the amount to which he or she is entitled.

8. **Annual Review**

All the allowances shall be frozen for the year **2012/2013**. The Independent Remuneration Panel will review the Scheme in **2013**.

Motor Mileage Allowances and Subsistence Rates (for off Island business) are reviewed by the Secretary of State, normally on an annual basis.

9. **Pensions**

That all councillors who are eligible to join the Local Government Pension Scheme, be able to do so and that it should apply to both Basic Allowance and Special Responsibility Allowance.

10. **Dependant Carer's Allowance**

Where a councillor or co-opted member has either:

- a dependant child living with them under the age of 14, or
- cares for a dependant elderly or disabled person

The following are claimable:

For child care: the actual expenditure incurred up to a maximum of £6.08 per hour. This is the rate paid by the Local Government Association (LGA), which reviews its rates annually and therefore the amount quoted is subject to change.

For dependants who are elderly or disabled: the actual expenditure up to a maximum of £10.90 per hour, which is the rate paid by the Isle of Wight

Council Adult Services Department under their Direct Payment Scheme. Adult Services review their rates annually and therefore the amount quoted is subject to change.

11. Travel and Subsistence Allowances – on the Island

Councillors can elect to have an additional sum added to their basic and special responsibility allowance that is payable instead of any claims for travel or subsistence for on Island activity. No other payments can be made for on island travel or subsistence.

This “Expenses Sum” is calculated as follows:

Factor A – distance from Member’s home to County Hall – 3 bands:
Band 1 – less than 3 miles, Band 2 – between 3 and 8 miles, and Band 3 – more than 8 miles.

Factor B – type of office held – 4 bands: Band 1 – frontline member (without an SRA); Band 2 – Leader of group with 4 or more members, Vice Chairman of the Council, Vice Chairman of Planning; Band 3 – Chairman of Council, Chairman of Planning, Licensing & General Purposes, Audit, Overview & Scrutiny Committees and Scrutiny Panels; Band 4 – Leader, Cabinet Member.

The two factors are added together to give a “Factor” for each member. All the factors are added together and this is then divided by £21,224. This is the “Amount Factor”. The “Factor” and “Amount Factor” are multiplied together to give the total “Expenses Sum”.

The amount paid to each councillor is fixed at the rate being paid as at 31 January 2012, until the end of their term of office, only to be altered if the councillor changes address or responsibility so that they would be entitled to a different amount in accordance with the two factors set out above. The rate paid will be fixed again after each election for the life of the administration, unless it is altered following a recommendation of the Independent Remuneration Panel.

12. Accommodation and Expenses– Out of Authority

Whenever a councillor or co-opted member has to travel off the Island on Council Business this paragraph applies.

That wherever possible Members organise their travel and accommodation through the Council which pre books and makes payment. If it is not possible to pre book travel and accommodation then these costs will only be reimbursed against production of a proper receipt. The most efficient form of transport to be used in all circumstances, any changes from this have to be supported by a detailed justification. In addition to paying the cost of the most efficient form of public transport for off island travel the following mileage rates (where it is more efficient not to use public transport) will apply:

Motor Mileage Allowances (for OFF ISLAND TRAVEL ONLY)

(a) Motorcycles

Up to 150cc	8.5p per mile
151cc to 500cc	12.3p per mile
Over 500cc	16.5p per mile

(b) Motorcars

All vehicles	40p per mile
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13. **Co-optees' Allowances**

That the following allowances be paid to co-optees on the following:

Designated Independent Persons	£301.00
Education Co-optees	£818.00

14. **Reporting to Public**

Each Councillor is required to produce an annual report (no more than 300 words) covering what they have achieved, what they hope to achieve in the following year, and what they have been unable to achieve in the current year. This annual report is to be prepared for the annual Council each year and will not be required in the year of Council ordinary elections, when new and returning members all have the opportunity to set out their aspirations to the new Council.

SCHEDULE I

SPECIAL RESPONSIBILITY ALLOWANCES

The following are specified as the special responsibilities in respect of which special responsibility allowances are payable, together with the amounts of those allowances for 2012/13. Only one special responsibility allowance will be paid to any member. These allowances are payable in addition to the basic allowance of £7,903.

	Office Holder	Special Responsibility Allowance £ pa
(3)	Leader	23,709
(1.5)	Cabinet Member	11,854
(0.7)	Chairman of the Council	5,532
(0.2)	Vice Chairman of the Council	1,580
(0.7)	Overview & Scrutiny Committee Chairman	5,532
(0.7)	Scrutiny Panel Chairman	5,532
(0.5)	Audit Committee Chairman	3,951
(1)	Planning Committee Chairman	7,903
(0.2)	Planning Committee Vice Chairman	1,580
(0.8)	Licensing & General Purposes Committee Chairman	6,322
(0.2)	Leaders of Groups with four or more members	1,580
(0.9)	Cabinet Secretary	7,113
(1.3)	Chairman of Regulatory Committee	10,274
(0.5)	Vice Chairman of Regulatory Committee	3,952
(0.2)	Appeals Committee Chairman	1,580