

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

**Interim Report of the Independent Remuneration Panel
2013**

December 2013

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FOREWORD

The Isle of Wight Independent Remuneration Panel is currently working on its eleventh Report on the members' allowances scheme for the 2014/15 year. This will be completed and submitted to the March annual council meeting.

However in the meantime the Panel decided to prepare an interim report for the January council meeting considering the various allowances that were set by Council in June this year pending our review of those allowances.

Our recommendations are that the allowances agreed by Council in June 2013 be formally approved although in our final report in March we will be seeking to restore the position so that the various special responsibility allowances (SRA) are expressed as multiples of the basic allowance.

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 Marie Bartlett in undertaking this work.

Max Morrison
Chairman, Isle of Wight Independent Remuneration Panel
December 2013

EXECUTIVE SUMMARY

1. The Independent Remuneration Panel has undertaken a review of the Members' Allowances set (pending our recommendation) by the Full Council at its June 2013 meeting. The Panel understands that the Special Responsibility Allowances were amended following the results of the election in May 2013.
2. As a result of this review the Panel recommends that:
 - a. That given the continued economic situation that again there should be no general increase in the allowances paid to members for the year 2013/14.
 - b. That the Special Responsibility Allowances (SRAs) as agreed by the Council at its June 2013 meeting (and as set out in Appendix A) be approved.
 - c. However the Panel was disappointed to see that these have been set without reference to the previous arrangement whereby SRA's were multiples of the basic allowance. This aided the understanding of the relevant responsibility that each post carried. The Panel will be recommending a move back to this arrangement in its eleventh report on the 2014/15 allowances that is due to be considered at the March annual council meeting.
 - d. That members of the Independent Education Appeals Panels be entitled to claim a mileage rate and subsistence (when attending any meetings of the appeals panels) at a rate equivalent to that payable to other members when they attend off island meetings. This would be funded from the collective schools budget and therefore did not impact on the general budget available for elected members.
 - e. That there be no change to the process for the distribution of the on island travel lump sum, currently based on the distribution of a lump sum divided between the members on the basis of a formula reflecting distance of county hall from their homes and office they hold.

INTRODUCTION AND BACKGROUND TO THE REVIEW

Introduction

3. This is an interim report and will be brief, with the eleventh report being a more substantial report with findings currently being produced.
4. Following the sad death of Ms Annette Mosdell during the year the membership of the Panel is now:

Mr Max Morrison – Chairman
Mr Brian Herbert
Mr Mike Anderson
Mrs Sue Poston

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 16 January 2013. In agreeing the recommendations the Council requested that an annual review of the Scheme take place in 2013.
8. Following the elections in May 2013 the new political administration amended its approach to the governance arrangements in a number of ways but the 3 key issues relating to the SRAs were:
 - a. The removal of individual cabinet member delegated powers;
 - b. The establishment of deputy cabinet members; and
 - c. The separation of the former Regulatory Committee into a separate Planning Committee and Licensing Committee.
9. As a consequence of these changes Council at its June 2013 agreed a range of SRAs all subject to the final ratification of Council when Council had received the recommendations of this Panel. It is these recommendations that are the focus of this report.

10. The Council has also made it clear that the total of the allowances payable must be retained within the existing overall budget provision for members' allowances.
11. Additionally following the election the Council has been developing new governance arrangements to be implemented from the annual meeting in March 2014. The Panel has been asked to provide recommendations on the allowances following this review, and it will for the annual meeting in March once the details of the proposed arrangements have been further developed.

Methodology

12. The Panel began its review of the Members Allowances Scheme in October 2013. The Panel agreed at an early stage that, in the prevailing economic circumstances and with the continued public sector pay restraint, it was unlikely that it would feel it appropriate to agree any across the board increases in allowances.
13. The Panel also took the initial views that the interim SRAs and allowances that had been awarded by the Council were reasonable.
14. 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.
15. The Panel were, however, concerned to see that in setting these the council has moved away from the previous well established system whereby the SRAs were reflected as multiples of the basic allowance. This system enabled those interested to understand the relative "worth" of a post which aided understanding and increased transparency. The Panel anticipates that in its next report in March 2014 it will be recommending the re-introduction of this arrangement.
16. 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 4 responses were received) in relation to the 2013/14 allowances only.
17. The Panel also considered the benchmarking data for members allowances across the region.
18. On a smaller point the Panel are also recommending that a subsistence allowance is made available to those volunteers on the Education Appeals Panels that hear appeals by parents when their child has not been allocated the school of their choice. As these are volunteers who give up their time willingly then it is thought appropriate that the Council does provide an element of subsistence. The cost of this, small though it will be, will be met from the schools budget used for establishing an appeals process.

THE PANEL'S DELIBERATIONS AND ANALYSIS

19. Of the 4 responses received 2 particular points were made

- a. *That the basic allowance should be increased by the rate of inflation, or something like.*

The Panel has noted that inflation rate has been low over the last few years, but more significantly the budget allocation from where the allowances are met has not been increased by inflation (hence no actual money for such an increase) and it also needs to be reflected that other than the current year (when a 1% pay award was made) officers of the council have received no such increase.

- b. *That the Special Responsibility Allowance for the chairman of the Employment Committee should be at least the same as that paid to the Scrutiny Panel Chairmen.*

The Panel noted that this is the first year that there has been a separate SRA for the chairman of the Employment Committee (previously this committee was chaired by the leader of the council) so at this stage it is still not clear what the responsibility is for this post as per others. This is something that the panel will further review in its next report. Additionally as the total budget remains fixed any increase in one post has to be met from reductions elsewhere and at this stage no suggestions have been made for such a reduction.

20. 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". Certainly the basic (£7,903) is above the overall regional average (of £6,182) but is below the average for unitary authorities (£8,677). SRAs are always trickier to compare like for like however the Leader's SRA is a good benchmark. Currently the Council (following the decision in June this year) pays £11,549, which is below the regional average of all authorities of £17,626, with the average for unitary councils being £20,176.

19. Given the likely major changes to the governance arrangements next year, the comments received on the current arrangements, the Panel recommends that these should be adopted.

20. No further information needed to be considered in relation to the proposal for the independent members of the admission appeals panel other than that set out in paragraph 18 above.

General

21. It must be emphasised that this is an interim report to deal with the allowances for this current year. A more detailed report on the allowances for next year will be submitted to the annual council meeting in March 2014.

CONCLUSIONS AND RECOMMENDATIONS

22. The Panel noted that the Council in June had undertaken a reasonable realignment of the SRAs, the panel has also considered the views expressed and the benchmarking data. It was also very mindful of the current economic climate and severe financial pressure under which the Council finds itself.

23. **As a result of this review the Panel recommends:**

- a. **That given the continued economic situation that again there should be no general increase in the allowances paid to members for the year 2013/14.**
- b. **That the Special Responsibility Allowances (SRAs) as agreed by the Council at its June 2013 meeting (and as set out in Appendix A) be approved.**
- c. **However the Panel was disappointed to see that these have been set without reference to the previous arrangement whereby SRA's were multiples of the basic allowance. This aided the understanding of the relevant responsibility that each post carried. The Panel will be recommending a move back to this arrangement in its eleventh report on the 2014/15 allowances that is due to be considered at the March annual council meeting.**
- d. **That members of the Independent Education Appeals Panels be entitled to claim a mileage rate and subsistence (when attending any meetings of the appeals panels) at a rate equivalent to that payable to other members when they attend off island meetings. This would be funded from the collective schools budget and therefore did not impact on the general budget available for elected members.**
- e. **That there be no change to the process for the distribution of the on island travel lump sum, currently based on the distribution of a lump sum divided between the members on the basis of a formula reflecting distance of county hall from their homes and office they hold.**

LIST OF APPENDICES

Appendix 1: Proposed Special Responsibility Allowances for 2013/14.

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

APPENDIX 1

	Recommended SRA
Leader	£11,549.00
Cabinet member	£7,306.00
Deputy Cabinet Member	£2,902.00
Overview and Scrutiny Chair	£5,532.00
Scrutiny Panels Chair	£5,332.00
Audit Chair	£3,951.00
Employment Chair	£2,902.00
Planning Chair	£6,006.13
Planning Vice Chair	£1,201.23
Licensing Chair	£4,804.91
Pension Fund Chair	£0.00
Appeals Committee Chair	£1,580.00
Chair of Council	£5,532.00
Vice Chair of Council	£1,580.00
Leaders of Groups with 4 or more	£1,580.00

Appendix 2

Summary of the responses from members to the questions relating to the allowances for the 2013/14 year:

Considering the various allowances that are currently being paid (as set out in Appendix 1) do you:

a) Have any comment to make on the amounts?

Response 1: A fair reflection of remuneration to responsibility.

Response 2: Yes (see below)

Response 3: The Basic Allowance is broadly about correct, though it should be increased by the rate of inflation or such like each year to reflect that it is essentially a 'loss of earnings' payment for people of working age.

I also agree with the Panel's preference for a formula approach to the setting of these allowances.

Response 4: No

b) Have any particular issue you would like to raise in respect of the allowance that you actually receive?

Response 1:

Allowances MUST reflect difficulties experienced by all working in the Public Sector.

Response 2:

Yes: The Employment Committee chair (who also chairs the Pension Fund Committee) receives an allowance which is less than that paid to the chairs of either Scrutiny Panel chairs or the chair of the audit Committee, all of which meet quarterly. Given the relevance of Employment issues in the light of the need to reduce the Council's budget by £28M over the next three years, the chair of the Employment Committee should receive an allowance at least in line with that paid to Scrutiny Panel chairs.

Response 3: Nil

Response 4: No