

**Independent Remuneration Panel for Worcestershire
District Councils**

Annual Report and Recommendations for 2014-15

Malvern Hills District Council

November 2013

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Recommendations

The Independent Remuneration Panel recommends to Malvern Hills District Council the following:

- (i) That the Basic Allowance for 2014-15 is £4,200**
- (ii) That the Special Responsibility Allowances are as set out in Appendix 1.**
- (iii) That travel allowances for 2014-15 continue to be paid in accordance with the HMRC mileage allowance.**
- (iv) That subsistence allowances for 2014-15 remain unchanged.**
- (v) That the Dependent Carer's Allowance remains unchanged.**
- (vi) That for Parish Councils in the District, if travel and subsistence is paid, the Panel recommends that it is paid in accordance with the rates paid by the District Council and in accordance with the relevant Regulations.**

Introduction

The Independent Remuneration Panel (IRP) has been appointed by the Council to carry out reviews of the allowances paid to Councillors, as required by the Local Government Act 2000 and subsequent legislation. The Panel has carried out its work in accordance with the legislation and statutory guidance.

The law requires each Council to “have regard” to the recommendations of the Independent Panel and we noted that last year the Council did not accept our recommendations but decided instead to defer the matter.

This year we have reviewed specifically the Special Responsibility Allowance (SRA) for the Chairman of the new Standards Committee as this role was introduced during 2012-13 and we have had the benefit of seeing how the new arrangements have worked. We also met with the Leader of the Council to discuss some particular issues and requests – see later.

At this point we would like to stress that our recommendations are based on thorough research and benchmarking. We have presented the Council with what we consider to be an appropriate set of allowances to reflect the roles carried out by the Councillors. The purpose of allowances is to enable people from all walks of life to become involved in local politics if they choose.

The Panel also recognises that in the current challenging financial climate there are difficult choices for the Council to make. Ultimately it is for the Council to decide how or whether to adopt the recommendations that we make.

Background Evidence and Research Undertaken

There is a rich and varied choice of market indicators on pay which can be used for comparison purposes. These include:

- National survey data on a national, regional or local level;
- Focussed surveys on a particular public sector;
- Regular or specific surveys
- Use of specific indices to indicate movement in rewards or cost of living.

As background for the decisions taken by the Panel this year we have:

- Analysed and considered the Annual Survey of Hours and Earnings (ASHE) statistics for 2013;
- Benchmarked the Basic Allowance against allowances for comparable roles paid by the Chartered Institute of Public Finance and Accountancy (CIPFA) “Nearest Neighbour” Councils for each authority;
- Reviewed research undertaken by the TaxPayers’ Alliance into the level of Basic Allowances in 2011-12.

- Considered latest inflation rates Consumer Pricing Index 2.2% (October 2013) Office National Statistics data.

We give more details about these areas of research at the end of the report.

ASHE survey results for 2012/13 (published November 2013) show the average hourly rate for all employees resident in Worcestershire to be £14.07. This gives a basic allowance of £4,325. Further details of how this is arrived at are given in appendix 2.

In addition, ASHE survey data indicates that the average weekly earnings (all employees) for the period July – September have increased by 0.7% between 2012 – 13. For public sector employees earnings have decreased by 0.4% in the same period. So the figure being recommended by the Panel of £4,200 does appear reasonable.

Although there appears to be no single country-wide source of data on members’ allowances, research carried out by the TaxPayers Alliance on the level of Councillors’ allowances paid in 2011-12 shows the disparity between the highest and lowest Basic Allowances as follows:

| Basic Allowances paid by Non-Metropolitan District Councils in 2011-12 | |
|---|--|
| Highest £9,902 - Bolsover District Council | Lowest £1,500 - South Ribble Borough Council |
| Highest in West Midlands £6,227 – Rugby Borough Council | Lowest in West Midlands £2,902 – Staffordshire Moorlands District Council |

According to the TaxPayers Alliance research report, within the West Midlands, the average Basic Allowance of all 19 non-Metropolitan District Councils in 2011-12 was £4313 (including Worcestershire authorities).

Arising from our research we have included information showing the members’ allowances budget for Basic and Special Responsibility Allowances. We also show the average payment per member of each authority of the Basic and Special Responsibility Allowances, to give context to our recommendations.

Table showing average allowance per member of each authority (Basic and Special Responsibility Allowances, 2012 – 13 figures)

| Authority (number of Councillors) | Amount £ |
|--|-----------------|
| Bromsgrove District (39) | 5,851 |
| Malvern Hills District (38) | 5,619 |
| Redditch Borough (29) | 4,614 |
| Worcester City (35) | 5,705 |
| Wychavon District (45) | 5,625 |
| Wyre Forest District (42) | 6,738 |

Total spend on Basic and Special Responsibility Allowances 2012-13 figures

| Authority | Total spend Basic Allowances 2012-13 £: | Total spend on Special Responsibility Allowances (SRA) £: | SRA as a percentage of <i>total Basic Allowance</i> %: |
|------------------|--|--|---|
| Bromsgrove DC | 163,276 | 64,927 | 39.8 |
| Malvern Hills DC | 159,021 | 54,494 | 34.3 |
| Redditch Borough | 93,054 | 40,761 | 43.8 |
| Worcester City | 141,395 | 58,268 | 41.2 |
| Wychavon DC | 187,013 | 66,089 | 35.3 |
| Wyre Forest DC | 205,798 | 77,183 | 37.5 |

Basic Allowance 2014 - 15

Calculation of Basic Allowance

The Basic Allowance is based on:

- The roles and responsibilities of Members; and
- Their time commitments – including the total average number of hours worked per week on Council business.

We then apply a public service discount of 40% to reflect that Councillors volunteer some of their time to the role.

Having reviewed the levels of wage rates and the benchmark information available to us from the Chartered Institute of Public Finance and Accountancy (CIPFA) “nearest neighbours” authorities, we do not recommend any increases in the Basic Allowance for 2014-15.

Special Responsibility Allowances (SRA) 2014-15

General Calculation of SRAs

The basis for the calculation of SRAs is a multiplier of the Basic Allowance as advocated in the published Guidance.

The Panel has reviewed the responsibilities of each post, the multipliers and allowances paid by similar authorities. As in last year, the Panel has benchmarked the allowances against those paid by authorities listed as “nearest neighbours” by CIPFA.

Appendix 1 to this report sets out the allowances recommended for 2014-15.

Assistant Portfolio Holders

The Panel were asked by the Leader to consider an allowance for Assistant Portfolio Holders but we are not able to make a recommendation at this stage. It is not clear about the accountability or expectations of the roles. However, we are happy to revisit this next year when the new roles will potentially have been up and running. The Panel will also be able to recommend backdated allowances if we consider these to be appropriate.

Overview and Scrutiny Committee

The Guidance on Members Allowances for Local Authorities in England states that Special Responsibility Allowances may be paid to those members of the Council who have “significant additional responsibilities”, over and above the generally accepted duties of a Councillor. It also suggests that if the majority of members of a Council receive a Special Responsibility Allowance, the justification for this may be questioned.

We consider the Basic Allowance to include Councillors’ roles in Overview and Scrutiny, as any non-Executive member of the Council is able to contribute to this aspect of the Council’s work.

Leaders of Political Groups

In the legislation, a Political Group on a Local Authority consists of 2 or more Councillors. We reviewed the allowance for the Opposition Group Leader last year in response to a query from one Council and in doing so considered the role of the Political Group Leaders more generally.

In most cases the Leader of the Council also leads the main political group on the authority. In the past the IRP for South Worcestershire had recommended payments to political group leaders on a per head basis, based on the number of Councillors in each group. Whilst this reflected changes in group sizes and allowed for flexibility following changes in political balance, we were persuaded to change this approach for one Council and to recommend a lump sum allowance for the Leader of the Opposition Group. We received a similar request from another Council last year.

We noted that in some cases the Allowances Scheme for their authority did not enable a Leader to receive any support for the Group Leader role.

We considered carefully evidence from the data we collected and checked the Statutory Guidance about the potential to be paid more than one SRA. We are content that Councillors can be in receipt of more than one. Therefore, we are have recommended that Leaders of all Political Groups are entitled to an allowance of 0.25 of the Basic Allowance, recognising that they all have an important role to play in the governance of the Council.

Standards Committee

Changes to the arrangements for governing the behaviour of Councillors were set out in the Localism Act 2011 and were introduced in July 2012. Councils are no longer required to appoint an Independent Chairman for the Standards Committee. Instead, Councils are required to appoint an Independent Person whose role is to deal with complaints against Councillors and act as a mediator to try and encourage early and local resolution of complaints. Remuneration for this role is outside the terms of reference for the Independent Panel although it is known that an honorarium is frequently paid. Where the Council decides to retain a Standards Committee, as in Malvern Hills, the Chairman is now appointed from among the Councillors.

This year we reviewed the work of the Standards Committee since the changes. We checked the number and length of meetings of the Committee and the role and responsibilities of the Chairman.

Having completed this review we consider our previous recommendation of a multiplier of 0.25 for the Chairman's Special Responsibility Allowance is appropriate and we continue this recommendation.

Mileage and Expenses 2014-15

The Panel notes that the Council has used the HMRC flat rate for payment of mileage for Councillors and recommends that this continues.

The Panel is satisfied that the current levels of subsistence allowances are set at an appropriate level and recommends that these continue.

The Panel notes that the Council's Scheme of Members' Allowances provides that Dependant Carer Allowances are payable to cover reasonable and legitimate costs incurred in attending approved duties and recommends that this provision continues.

Allowances to Parish Councils

The Independent Remuneration Panel for Worcestershire District Councils acts as the Remuneration Panel for the Parish Councils in each District.

This year the Panel has not been asked to make recommendations on any matters by any Parish. In the past the Panel which covered the three South Worcestershire Districts has considered travel and subsistence, and we consider it appropriate to apply this consideration to each of the Districts. We have reviewed the Parish Council travel and subsistence allowances and recommend for 2013 - 14 that no changes are made.

The Independent Remuneration Panel

The Members' Allowances Regulations require Local Authorities to establish and maintain an Independent Remuneration Panel. The purpose of the Panel is to make recommendations to the authority about allowances to be paid to Elected Members and Local Authorities must have regard to this advice. This Council's Independent Remuneration Panel is set up on a joint basis with the other 5 District Councils in Worcestershire, the decision having been taken during 2010 to follow the principle previously established by having a joint Panel in the South of the County. Separate Annual Reports have been prepared for each Council.

The members of the Panel are:

- Rob Key, the Chair of the Panel – Rob has 42 years' experience of working in District Councils in a variety of operational and management roles, including senior positions at Worcester City, Wychavon District and Wyre Forest District. He was an Independent Chair for the Strategic Health Authority for Continuing Care and sits on County Council Appeals Panels for School Preference Appeals and Service Complaints.
- Elaine Bell, JP, DipCrim – Elaine is Deputy Chair of the South Worcestershire Magistrates Bench – she has been a Magistrate for 16 years, Day Chair of Adult and Family Courts; Past Chair of the Bench Training and Development Committee; past member of the Magistrates Advisory Panel (interviewing and selecting for appointment to the Bench). She is also Vice - Chair of the Lloyds Educational Foundation; Past Member of the Sytchampton School Appeals Panel; Hon Treasurer of Ombersley and Doverdale Tennis Club and a Past Governor of Ombersley Primary School.
- Bill Simpson MBE JP – Bill spent 30 years in Further Education culminating in 11 years as Principal of Pershore College. He then entered the private sector as Director of two national Horticultural Societies, one being the Royal

Horticultural Society. He served as a magistrate for 9 years until retirement. He is a Trustee of several charities including chairing Thrive between 1993 and 2008. Currently he is Vice Chair of Governors of Red Hill CE Primary School Worcester and a Chair/Member of the County Council and Diocesan Panels for School Preference Appeals.

- Terry Cotton - Terry spent 34 years working in central and local Government, mostly managing regeneration programmes across the West Midlands. Until May 2011 he worked at The Government Office for The West Midlands where he was a Relationship Manager between central and local Government and a lead negotiator for local performance targets. Following voluntary early retirement in May 2011, he worked part-time in Birmingham's Jewellery Quarter, setting up a new business led community development trust and currently works part-time for Worcestershire County Council on sustainable transport initiatives. He is also a trustee of a small charitable trust providing grants to grass roots community initiatives in deprived communities.
- Don Barber – After several Human Resources and Productivity Improvement Management roles in Industry, Don became Chief Executive of a change management facilitating consultancy. Over the last 20 years he has been an independent consultant and advisor on a number of United Nations, European Commission, and World Bank transition projects, in particular in Europe, Africa, Asia, and Australasia. He also operates in an advisory role to other consultancy groups seeking EU contracts. This experience has included the development of national civil service/public sector reform programmes including aspects of the effect of legislative change for central and local government and, in the U.K., working for the Office of Manpower Economics (advisors to the Prime Minister) on Public Sector Pay, in particular relating to: Civil Service Pay Reform, UK Armed Forces and the Medical Professions.

The Panel has been advised and assisted by:

- Claire Chaplin from Worcester City Council;
- Sheena Jones from Bromsgrove and Redditch Councils;
- Mel Harris from Wychavon District Council;
- Lisa Perks from Malvern Hills District Council;
- Rhiannon Foxall from Wyre Forest District Council;

The Panel wishes to acknowledge its gratitude to these officers who have provided advice and guidance in a professional and dedicated manner.

Rob Key

Chairman of Independent Remuneration Panel

**Independent Remuneration Panel for District Councils in Worcestershire
Recommendations for 2014-15**

Malvern Hills District Council

| Role | Recommended Multiplier | Current Multiplier | Recommended Allowance £ | Current Allowance (paid) £ |
|---|-------------------------------|---------------------------|---|---------------------------------------|
| Basic Allowance – all Councillors | 1 | 1 | 4,200 ¹ | 4,200 |
| Special Responsibility Allowances: | | | | |
| Leader | 3 | 2.5 ² | 12,600 | 10,500 |
| Deputy Leader | 1.75 | N/A | 7,350 | N/A ³ |
| Portfolio Holders | 1.5 | 1.5 | 6,300 | 6,300 |
| Chairman of Overview and Scrutiny Committee | 1.5 | 1.5 | 6,300 | 6,300 |
| Chairman of Overview and Scrutiny Task Groups | 0.25 | 0.25 | 1,050 paid pro-rata for the length of the Task Group | 1,050 |
| Chairman of Audit Committee | 0.25 | N/A | 1,050 | 70 per meeting |
| Chairmen of 2 Area Development Control Management Committees | 0.75 | 0.50 | 6,300 (2x 3,150) ⁴ | 2,100 x 2 |

¹ This figure takes into account a public service discount of 40%

² Recommendation to increase from 2.5 to 3 last year was deferred

³ £6,300 same as Portfolio Holder SRA

⁴ Recommendation to increase from 0.50 to 0.75 last year was deferred

| Role | Recommended Multiplier | Current Multiplier | Recommended Allowance £ | Current Allowance (paid) £ |
|--|-------------------------------|---------------------------|------------------------------------|---|
| Chairman of Licensing Committee | 0.30 | 0.30 | 1,260 | 1,260 |
| Chairman of Standards Committee if paid | 0.25 | N/A | 1,050 | Not paid |
| Political Group Leaders | 0.25 | - | 1,050 X 3 | 88 per member (If a Group Leader is in receipt of any other S.R.A., allowance is reduced by 50%) |

Summary of Research

Chartered Institute of Public Finance and Accountancy (CIPFA) “Nearest Neighbour” authorities tool.

No two Councils or sets of Councillors are the same. Developed to aid local authorities in comparative and benchmarking exercises, the CIPFA Nearest Neighbours Model adopts a scientific approach to measuring the similarity between authorities. Using the data, Malvern Hills “nearest neighbours” are:

- Craven District Council
- South Hams District Council
- North Dorset District Council
- Derbyshire Dales District Council
- Ryedale District Council
- Cotswold District Council

Information on the level of Basic and Special Responsibility Allowances was obtained to benchmark the levels of allowances recommended to the District Council.

Annual Survey of Hours and Earnings (ASHE) Data on Pay

<http://www.ons.gov.uk/ons/rel/lms/labour-market-statistics/november-2013/sty-average-weekly-earnings.html>

Published by the Office for National Statistics, the Annual Survey of Hours and Earnings (ASHE) shows detailed information at District level about rates of pay. For benchmarking purposes the Panel uses the levels for hourly rates of pay excluding overtime. This is multiplied by 11 to give a weekly rate. This was the number of hours spent on Council business by frontline Councillors which had been reported in previous surveys. The rate is then discounted by 40% to reflect the element of volunteering that each Councillor undertakes in the role.

The Tax Payers’ Alliance Research Note on Councillors’ Allowances

In August 2012 the Taxpayers’ Alliance researched the level of Basic Allowances for each Council in the UK.

<http://www.taxpayersalliance.com/allowances.pdf>

The amount of Basic Allowance for each Council is presented for the years 2010-11 and 2011-12. There is no research available for more recent financial years.

Whilst the information is slightly historic, it did enable the Panel to check its own research.

South East Employers Survey of Councillors' Allowances

The Panel has been allowed access to the database of allowances for all Councils in the South East Region of England. The information is collated annually by South East Employers and is available to those authorities who subscribe to its services. The Panel is therefore not able to publish data from the survey but we would like to express our thanks to the organisation for enabling us to use the data to further check our own research.

The data has shown that Basic Allowances in the authorities included in the South East region range between £2,736 and £12,806, although these figures include County Councils and Unitary authorities. Comparable authorities have not seen any increase in allowances since 2008.