

# **APPENDIX A**

## **FINAL REPORT TO LUTON BOROUGH COUNCIL BY THE INDEPENDENT PANEL ON MEMBERS' ALLOWANCES**

### **Review of Councillors' and other Allowances**

**Published December 2008**

#### **Members of the Panel**

Peter Hunt  
Abdul Malik

Gary Needham  
Klazina Hofmann-Coleman

#### **Background**

1. Under the Local Authorities (Members Allowances) (England) Regulations 2003 and the Local Authorities (Members Allowances) (England) (Amendment) Regulations 2003 (the Regulations) an independent panel is charged with reviewing and making recommendation to local authorities on the level of allowances and associated benefits.

2. This Panel was first established in 2000 and reported with its first recommendations on 8<sup>th</sup> May 2001. The Council accepted this first report on 10<sup>th</sup> July 2001 with the addition of 2 Special Responsibility Allowances (SRA's) for lead Area Coordinator (now Chair of Area Committee Board) and Area Committee Coordinators (now Chairs of Area Committees) not considered by the Panel. The Panel met again in 2003/4 and made further recommendations in March 2004. These were not accepted by Council other than the allowances for Co-optees. The same recommendations were made in 2006 and 2007, and on both occasions were again rejected.

3. Under this legislation the Panel has again reviewed the following:

- ⇒ The basic level of allowance
- ⇒ Any special responsibility allowances
- ⇒ Pensions
- ⇒ Co-optees allowances
- ⇒ Travel & subsistence
- ⇒ Dependents' carers' allowances
- ⇒ Review processes
- ⇒ Any other allowances

4. It is worth noting that the Panel recommendations are based on a variety of data and information. They attempt to balance such issues as:

- the local pay market
- rates of retail price inflation (RPI) and consumer price inflation (CPI)
- national pay increases and awards
- LBC staff pay awards e.g. NJC increases

- rates paid by comparable authorities

It is not part of the Panel's brief to consider the Council's ability to pay. This is a decision for Council itself.

5. This report is the result of the Panel's complete review of the current scheme.

### **Recommendation A - The Basic allowance**

6. Though the excellent work of the original Independent Panel should have made up-rating the basic allowance easy, this has proved particularly difficult this year.

7. The ASHE (Annual Survey of Hours and Earnings) would normally form the basis for calculating the new Basic Allowance but the 2007 results yet again show Luton pay rates as having fallen. The sampling techniques used by ASHE could cause this result, as could a real loss of high paid employment and its replacement with low paid alternatives. Whatever the reason the data is unhelpful.

8. Having looked at comparable authorities (for list see the end of this report) and observed Luton's relatively low position in the table, the Panel have decided to look at the original allowance of £6000 (still in force today) and increase it in line with inflation.

The panel therefore recommend a Basic Allowance of £7500 from 1<sup>st</sup> April 2009 subject to the special note in paragraph 29.

### **Recommendation B - Special Responsibility Allowances (SRA)**

9. These were shown as actual amounts in the May 2001 report, for example £2000. The Panel had always worked these as a fraction of the Basic Allowance and for ease of administration, recorded them as fractions in their 2004, 2006 and 2007 Reports. This practice has been continued as it means that as the basic allowance changes so the SRA automatically follows it.

10. The Panel has reviewed all the Special Responsibility Allowances. The changes from existing arrangements are detailed below.

11. The Panel continue to recommend that the Executive Leader should receive twice the Basic Allowance as an SRA, especially when compared with a benchmark of similar Councils (for list see the end of this report).

12. The Panel reconsidered the SRA for Executive Members and though having no new information about this role concluded that the differential between this role and that of Leader was too great. The Panel therefore recommend that the Executive Member SRA should be increased from  $\frac{1}{2}$  to  $\frac{3}{4}$  of the Basic Allowance.

13. The panel reviewed the SRA for the Chair of Constitution Committee and though happy with their original decision cannot condone an allowance

when virtually no meetings take place. Since only one meeting has taken place in 2008, it is recommended that no allowance should be paid.

14. In 2007 the Panel considered the Chair of the new Audit and Governance Committee, work previously carried out by the Administration Committee. It recommended that both committee chairs should receive 1/6<sup>th</sup> of the basic allowance and that decision has been confirmed for 2009.

15. The Panel did reconsider the SRA for Area Committee Chairs and Scrutiny Committee Chairs. Though aware that these roles may change substantially during 2009, it was felt that there should be no change to the SRA's until more information is available.

16. The Panel reviewed all other SRA's and were of the view that no changes were necessary for Chairs of committees. However, LBC has a far larger proportion of Members with SRA's than most other Councils. A maximum of ½ of members receiving an SRA seems to be typical practice but Luton has almost ¾. The Panel therefore reviewed the need for allowances for Vice-chairs of committees and concluded that rarely was a Vice-chair required to do more than ensure the meeting took place. There was, in reality, no Special Responsibility attaching to the duty. As a result, the Panel recommends that there should be no SRA's for any Vice-chairs from 2009 onwards.

17. The recommended SRAs are summarised below (with changes from the current scheme highlighted in bold).

<b>Leader</b>	} twice the basic allowance (£15,000)
<b>Deputy Executive Leader</b>	} three quarters of the basic allowance
<b>Executive Member</b>	} (£5,625)
Chair of Scrutiny Board	}
Chairs of Scrutiny Committees (5)	}
Chair of Area Committee Board	} one third of the basic allowance (£2,500)
Chair of Development Control	}
Chair of Standards Committee	}
Leader of Major Opposition Party	}
<b>Chair of Administration Committee</b>	}
Chair of Regulation Committee	} one sixth of the basic allowance (£1,250)
Chair of Audit & Governance Committee	}
Chairs of Area Committees (5)	}
Chair of Constitution Committee	}
Chair of Licensing Panel	}
<b>Vice Chair of Scrutiny Board</b>	}
<b>Vice Chairs of Scrutiny Committees x (5)}</b>	}

<b>Vice Chair of Development Control</b>	}
<b>Vice Chair of Standards Committee</b>	} Nil
<b>Vice Chair of Area Committee Board</b>	}
Vice Chair of Regulation Committee	}
Vice Chair of Constitution Committee	}
Vice Chair of Administration Committee	}
Vice Chair of Audit & Gov. Committee	}

Statutory Co-optees	} one sixth of the basic allowance (£1,250)
Non-statutory Co-optees	} Nil

Leader of Minor Party(s)	} Nil
Group Whip	} Nil

*Note: The Panel is adamant that a Councillor or statutory co-optee may not claim more than one SRA and that the Councillor should always be paid the highest of any SRA's due.*

### **Recommendation C - Pensions**

18. In 2004, 2006 and 2007 the Panel concluded that Councillors should not be offered membership of the Local Authority's Pension Scheme. If any contribution were to be made to pensions, it was recommended that this should be through an increase in the basic allowance.

The Panel do not feel the need to change this recommendation and do not recommend any special increase for pension purposes.

### **Recommendation D - Travel & Subsistence**

19. The Panel continues to recommend the following:

#### Duties outside the Borough

a. The current practice of reimbursement of actual and necessary expenditure incurred should continue. Travel expenses by public transport (second class) should be reimbursed upon presentation of receipts with the expense claim. Where the Councillor uses their own vehicle then mileage rates should be claimable. The rates should be those stated in the LBC casual user policy. Similarly, the subsistence rates applicable to Council employees should also apply.

#### Duties within the Borough

b. The Panel has considered a taxable flat rate allowance to cover the cost of travelling on approved duties. However, the Panel have not been able to identify a suitable level of allowance that would be fair to all and as a result recommend that the current system of reimbursement of actual expenses incurred, should continue.

## **Recommendation E - Dependents' Carers'/Childcare Allowance**

20. In 2004 the Panel were concerned to ensure that as part of the original brief, potential Councillors were not discouraged from standing for election due to the expense of finding replacements for their caring responsibilities whilst on Council business. The Panel concluded that the current childcare provision (that is reimbursement of expenses claimed) should continue, but widened to cover the needs of other carers.

21. The Panel continues to recommend that the policy be;

'Councillors may claim reimbursement of **actual & necessary expenses** incurred subject to a maximum level (with receipts where possible) by completing a monthly claim form. Claims must show the name or description of the person providing the care, the number of hours covered and the payment actually made. The circumstances where claims may be made are:

- a) The Councillor's reason for absence must be legitimate Council business (i.e. approved duties) not constituency activities,
- b) Where childcare is for a child or children under the age of 14 (subject to claims being for the household and not per child),
- c) Where the Councillor is the primary carer for someone with mental or physical impairment who is unable to care for themselves.
- d) Neither the dependent nor the Councillor is receiving a State Dependent Carers Allowance.

Where these conditions are met the Councillor may claim for actual and necessary expenses incurred up to a maximum of £7 per hour, although in exceptional circumstances and subject to the **prior** approval of the Head of Local Democracy, this rate may be increased up to a maximum of £20 per hour.'

## **Recommendation F - Other Allowances**

22. In 2004 the Panel considered telephone and computer connection allowances. The Panel concluded that since the original basic allowance was designed to include such incidental expenditure no separate allowance be recommended. This recommendation is unchanged.

## **Recommendation G - Review process**

23. The Independent Panel is required to indicate the way in which allowances should be up-rated in future.

24. The calculation method used is heavily reliant on the ASHE survey but the Panel also need to consider a variety of issues. The Panel therefore recommend that all allowances be reviewed on an annual basis but with no automatic indexation.

## **Special Note**

25. At the time of the original report the new Councillor allowances were seen as part of the programme of modernising councils, which involved new decision-making structures like the establishment of an Executive. New allowances would also enable wider participation of the public as councillors even though the new structures might increase the demands on them. Therefore, training and performance appraisal would become essential.

26. It is worth noting that the 2001 report recommended in para. 5.8.3 that the report should be accepted in its entirety. Though it is pleasing to observe that some Councillors now complete an Annual Report, many have not, those that have are still not been published in LutonLine, and no reference is made to them as being available on the website. Indeed the recent website redesign has removed all links to them. This denies the public the opportunity to observe what their Councillors have been doing. This is a major part of the performance review process, that the Council were committed to completing by no later than May 2003.

27. The Panel wish to encourage this modernisation. Allowances were increased by over 80% in 2001 but with them came added responsibilities. The Panel therefore feel that the recommendations of this report should not be implemented for any Councillor until their Annual Report for 2008/9 has been completed and filed. Additionally, Council should show their commitment to these reports by ensuring that they are published, as part of the performance review system.

28. Significant progress has been made in terms of training but the Panel wish to reinforce the need for Chairs of all committees to undertake training for their role.

## **Benchmark Councils**

Benchmark Councils have been selected on the basis of population size and similarity to Luton. In addition local District and County Councils have been used as comparators. The list is:

### **Benchmark Unitary Authorities**

Blackburn with Darwin  
Middlesbrough  
Milton Keynes  
Portsmouth  
Peterborough  
Reading  
Southend-on-Sea  
Stockton-on-Tees  
Swindon

### **Local Comparators**

Bedfordshire County Council  
Bedford District Council

Mid Beds District Council  
South Beds District Council

Date of Report: 10<sup>th</sup> December 2008