

Report of the Independent Remuneration Panel (IRP) to Mid Devon District Council

15 July 2015

1.0 Introduction

1.1 The Panel made a number of recommendations regarding the Members Allowances Scheme to full Council on 29 April 2015 which were approved. In summary these were as follows:

- i. To extend the current scheme with no changes for a period of 3 months from the day after the District Council election until 31 July 2015.
- ii. To implement an interim scheme (which may include some minor changes to the current scheme and which will be presented to full Council for consideration on 15 July 2015) for the period between 1 August 2015 and 31 July 2016.
- iii. That a Fundamental Review be undertaken of Mid Devon's Members Allowances Scheme between August 2015 and Spring 2016 with a report presenting the Panel's views and findings coming before Council in July 2016. This will recommend a scheme of allowances from 1st August 2016 onwards.

1.2 Following the full Council meeting on 29 April 2015, the Panel met again on 22 May 2015 to consider the interim changes it felt were needed to the scheme (referred to in recommendation number two above). It was their view that these changes could not wait until a Fundamental Review had been completed.

The areas that the Panel felt needed to be further considered were as follows:

- Whether or not the Vice Chairman of the Planning Committee should receive a Special Responsibility Allowance (SRA).
- IT allowances.
- The Chairman of the Council's Allowance.
- Pyramid of responsibility – specifically, whether the weightings applied to the Basic Allowance for calculating Special Responsibility Allowances were still appropriate.
- Travel and Subsistence.
- Tax and NI contributions – what are the facts in relation to Members Allowances?

The Panel are recommending a number of minor changes to the scheme as a result of their deliberations, these are detailed below.

The Panel will meet again in September 2015 to scope a Fundamental Review of the whole Members Allowances Scheme. Over the next 12 months they will gather evidence from both new and returning Mid Devon Councillors as well as looking externally to other similar Councils in a benchmarking exercise.

- 1.3 The results of the Fundamental Review will be brought before Council in July 2016.

2.0 Consideration of interim changes

2.1 Vice Chairman of the Planning Committee

When the Panel met in February 2015 they were presented with benchmarking data from across the South West showing current figures in relation to Basic Allowances and Special Responsibility Allowances. When analysing these they were keen to know why almost half of those shown paid a Special Responsibility Allowance to Deputies or Vice Chairmen of Planning Committees. They requested that information be sought from those authorities paying such allowances as to the reasons why. The following represent some of the responses received:

2.1.1 Council 1

“The roles of the Chair and Vice Chair of Planning carry significant responsibility not only in Committee procedure but also in the frequency of the meetings, the amount of information and documents associated with decision-making and the increasing degree of public perception of the responsibility of the role.”

2.1.2 Council 2

“ The reasoning behind the allowance is due to the heavy responsibility of this position. This individual has to spend many hours visiting sites and working with the Chair.”

2.1.3 Council 3

“The original reasoning was around the complexity of the work they might have to do prior to a Committee if standing in for the Chair as often there is a great deal of correspondence relating to large or contentious applications.”

2.1.4 Council 4

“The IRP last undertook a fundamental review in 2010. Please note that in the IRP report they recommended that SRAs for vice-chairs in any capacity should be deleted from the scheme. Their reasoning was as follows.....

There is no substantial evidence in our view to support the role of a Committee, Executive or Council Vice Chair as a special responsibility. While there may be a learning opportunity in holding a position as Vice Chair, it is not immediately transparent that there are significant responsibility levels attached to such positions. We are therefore recommending that no such allowances be paid in future.

When the IRP report was considered by Full Council, they agreed all the recommendations in the report with the exception of the removal of vice-chair SRAs. So therefore you will see that the IRP had been keen that vice-chairs should not receive an allowance but that members of the Council did not agree with this.”

2.1.5 Council 5

“A Special Responsibility Allowance has been paid to the Deputy Chairman of Development Committee and all deputy posts since the regulations for awarding allowances came into effect in 2003.”

2.1.6 The Panel considered these responses whilst also being mindful that not all Councils are the same and some are more financially stable than others. In considering the role of Vice Chairman generally across the Council they felt that Planning Committee meetings are potentially the most public facing, long in length and potentially the most contentious. They were informed that there had two occasions in the previous 12 months where the Vice Chairman had had to deputise for the Chairman of the Planning Committee, both of these meetings had lasted between 5 and 6 hours.

The Panel considered whether a one off payment for each deputised meeting should be made or whether they should receive a pro rata payment based upon the number of scheduled meetings per year. In making their recommendation the Panel wanted above all else to make a proposal based upon fairness and equity. They also wanted to recommend a payment that was simple to administer. They also took into consideration the levels of SRA paid across the South West for this role.

2.1.7 **Recommendation:** That the Vice Chairman of the Planning Committee receive a Special Responsibility Allowance for each deputised meeting that is one twelfth of the SRA paid to the Chairman of the Planning Committee.

2.2 IT Allowances

The Panel were reminded of the current Mid Devon arrangements with regard to IT Allowances which were as follows:

Members who have their own IT equipment will receive an annual payment of £75 per year plus a Broadband payment of £15.00 per month. Members who use Council IT equipment will not receive a one-off payment but will have their Broadband costs paid directly by the Council.

2.2.1 Again the Panel had requested that information be sought from other authorities as to what their arrangements were regarding IT Allowances. The following provides examples of some of the responses received:

2.2.2 Council 1

“The basic allowance includes IT use and we currently provide laptops (and PDAs for Leader, Deputy Leader and Chairman) – reviewing our IT in July once Windows 10 has been rolled out.”

2.2.3 Council 2

“At the moment we don’t provide an IT allowance of any description. This is something that I hope to investigate for the future i.e. the provision of tablets or an HP type agreement where we buy them and let the Councillors pay us back at a monthly rate.”

2.2.4 Council 3

“All Councillors are entitled to receive a Basic Allowance of £3,605 per year. It is intended to recognise the time commitment made by all Councillors, and the incidental costs incurred by them, such as the use of their homes, telephone and postage costs and purchase of stationery and computer sundries. It also includes a notional amount of £100 for broadband connection.

That’s our only mention of IT. However, we’re still old hat. Members can request to loan a laptop from us. At the moment 14 out of 47 do so, the rest use their own devices.”

2.2.5 Council 4

“I believe that the IT allowance is now included in our members allowance so there is no specific sum allocated. They are expected to provide their own tablets.”

2.2.6 Having considered these responses the Panel made the comment that it is probably the case that elected Members have their own Broadband arrangements at home and that making a separate payment to them of £15 a month was probably an anachronism in this day and age. The Panel’s view

now was that the cost of Broadband should be covered by the Basic Allowance.

2.2.7 The Panel noted that 'times had moved on' since the last Fundamental Review and that the Council was now offering iPads to Members as a means of communication and of receiving agendas and minutes electronically. It was explained that there were very strict security arrangements in place with no access to the Council's network if this option was chosen. Approximately two thirds of the Members had elected to use a Council iPad. Some Members had wanted to continue using their own digital devices and some had elected to continue to receive paper copies but to communicate electronically with their own computer equipment.

2.2.7 Recommendations:

- a. The payment of £15 per month for Broadband costs should cease for all Members as from 1 August 2015 with the expectation that these costs will be covered within the Basic Allowance.
- b. For Members using Council iPad's the payment of £75 as an IT allowance per year should cease as from 1 August 2015.
- c. For Members using their own digital devices the payment of £75 per year should continue as from 1 August 2015.
- d. For Members receiving paper copies of minutes and agendas but using their own equipment to communicate with the Council by email, the payment of £75 per year should continue as from 1 August 2015.

2.3 Chairman's Allowance

The HMRC had visited the Council in 2014 and had strongly recommended that the Chairman's Allowance be shown as a Special Responsibility Allowance within the Members Allowance Scheme and not sit outside of the scheme as it had in the past. Their strong recommendation was that the Chairman's Allowance be split between the Constitutional role (i.e. chairing full Council meetings) and the Civic role. HMRC's view is that payments with regard to the Civic role should only be made when a receipt can be provided showing proof of expenditure. Any monies spent by the Chairman should, according to the HMRC, be treated as a 'benefit in kind' and therefore be liable to tax.

2.3.1 In recommending an amount for the Chairman's SRA, the Panel felt comfortable in applying a weighting of 0.50 upon the Basic Allowance.

2.3.2 The point was made that at present the Panel are unaware of how much expenditure is actually incurred by the Chairman in carrying out his or her Civic duties. They therefore intend to include further analysis of this as part of the Fundamental Review.

2.3.3 Recommendations:

- a. That the Chairman's Allowance be included as a Special Responsibility Allowance within the Members Allowances Scheme and that £2323 be the amount paid for his or her Constitutional role in chairing full Council meetings.
- b. Payments with regard to his or her Civic role should be paid retrospectively and only on production of a receipt/s.
- c. That the IRP re-examine expenses in relation to the Chairman's Civic role as part of the Fundamental Review.

2.4 Pyramid of Responsibility

After careful consideration the Panel felt comfortable, ahead of the Fundamental Review, with the current weightings applied to the various positions attracting a Special Responsibility Allowance.

2.5 Travel and Subsistence

There was no change to the Panels view presented in their report to Council on 29 April 2015. That is, that the reimbursement of approved mileage be linked to the rates published by HMRC.

These are currently as follows:

- 45p per mile for the first 10,000 miles pa.
- 25p per mile for mileage over 10,001 miles pa.
- Passenger rate is 5p per passenger per mile (max 4 passengers per journey).
- Bicycle allowance: 20p per mile.

Any increases or decreases to these rates should automatically be reflected in the payment to Members in the future.

The Panel continues to recommend that subsistence allowances should be the same as for employees and be increased each year in line with the RPI.

These are currently as follows:

- Breakfast – £6.83
- Lunch - £9.43
- Tea - £3.71
- Dinner – 11.68

2.6 Clarification regarding Tax and NI

The Panel felt that the Members Allowances Scheme could give more clarity in terms of Income tax and NI contributions.

- 2.6.1 **Recommendation:** That the wording clarifying Tax and NI be added to the Members Allowances Scheme (Attached as Appendix 2)

3.0 **Other areas of the Members Allowances Scheme**

3.1 Basic Allowance

Recommendation: Keep the Basic Allowance at the current level of £4645 (see Appendix 2) until July 2016 but to include all uplifts in relation to any staff pay awards as previously agreed by Council.

3.2 Special Responsibility Allowances

Recommendation: Keep all Special Responsibility Allowances at the current levels (see Appendix 2) until July 2016 but to include all uplifts in relation to any staff pay awards as previously agreed by Council

3.3 Carers' Allowances

Recommendation: Keep the Carer's Allowance at the same level until July 2016 as previously agreed by Council.

3.4 Pensions

Recommendation: There was no change to the Panel's previous recommendation that Members of the Authority are not entitled to pensions (and therefore that neither the Basic Allowance nor the SRA be treated as allowances in respect of which pensions are payable). Council supported this view in April 2015.

4.0 **Recommendations of the Panel:**

That Council approve the revised Members Allowances Scheme, (which is attached as Appendix 2) and contains the following changes:

- a. That there be no changes to the existing Members Allowances Scheme until 31 July 2016 except in the areas below.
- b. That the Vice Chairman of the Planning Committee receive a Special Responsibility Allowance for each deputised meeting that is one twelfth of the SRA paid to the Chairman of the Planning Committee.

- c. The payment of £15 per month for Broadband costs should cease for all Members as from 1 August 2015 with the expectation that these costs will be covered within the Basic Allowance.
- d. For Members using a Council iPad the payment of £75 as an IT allowance per year should cease as from 1 August 2015.
- e. For Members using their own digital devices the payment of £75 should continue as from 1 August 2015.
- f. For Members receiving paper copies of minutes and agendas but using their own equipment to communicate with the Council and their electorate by email, the payment of £75 per year should continue as from 1 August 2015.
- g. The Chairman's Allowance be included as a Special Responsibility Allowance within the Members Allowances Scheme and that £2323 be the amount paid for his or her constitutional role in chairing full Council meetings.
- h. Payments with regard to his or her Civic role should be paid retrospectively and only on production of a receipt/s.
- i. That the IRP re-examine expenses in relation to the Chairman's Civic role as part of the Fundamental Review.

Panel Members

- Paul Baker
- Jonathan Rich
- Karen Stone
- Richard Watkins
- Sylvia Vallis

July 2015