

READING BOROUGH COUNCIL

REPORT BY DIRECTOR OF RESOURCES

TO:	COUNCIL		
DATE:	31 MARCH 2009	AGENDA ITEM:	12
TITLE:	COUNCILLORS' ALLOWANCES AND PENSION SCHEME FOR COUNCILLORS		
LEAD COUNCILLOR:	CLLR LOVELOCK	PORTFOLIO:	LEADER OF THE COUNCIL
SERVICE:	COUNCILLOR SERVICES	WARDS:	BOROUGH-WIDE
LEAD OFFICER:	ANNE FOLEY	TEL:	0118 9390125 EXT 2125
JOB TITLE:	CIVIC SERVICES MANAGER	E-MAIL:	anne.foley@reading.gov.uk

1. EXECUTIVE SUMMARY

- 1.1 Further to Minute 60 of the meeting on 19 February 2008, and Minute 78(1)(i) of the adjourned Budget Council meeting on 2 March 2009, to consider the report of the Independent Remuneration Panel and to adopt a scheme of Councillors' Allowances for the financial year 2009/10 and a pension scheme for Councillors. Council, on 2 March 2009, agreed to freeze the provision for Councillors' allowances made in the 2009/10 budget at its 2008/09 level, ie £467,609.
- 1.2 The Council has to set a scheme of Councillors' allowances for each financial year, having regard to the recommendations made to it by its Independent Remuneration Panel. The Panel meets annually to consider and recommend a scheme of allowances and pensions for Councillors to the Council. The Public Notice of the Remuneration Panel's Findings is attached at **Appendix A**. The Minutes of the Remuneration Panel's meetings on 17 December 2008, 28 January 2009 and 6 February 2009 are attached at **Appendix B**.
- 1.3 The Council's 2008/09 scheme is set out at para. 3.1 below. Of the £467,609 total, £387,412 is paid in Basic Allowance (82.8%), and the remaining £80,197 (17.2%) in Special Responsibility Allowance (SRA). The Councillors receiving SRA are set out in para. 3.1(iii) below. Every Councillor currently receives £8,422 a year in Basic allowance.
- 1.4 The Panel's recommendations for the scheme for 2009/10 were made on the basis that the total budget for Councillors' allowances for 2008/09 would be increased

by 2% (in line with the provision for the increase in employees' salaries for the 2009/10 budget), to £476,961. As explained above, this is no longer the position

- 1.5 Following interviews with seven Councillors from all parties, the Remuneration Panel recommended that the balance in the Council's scheme between Basic allowance and Special Responsibility Allowance should be tilted towards the latter. To achieve this, the Panel recommended that Basic allowance for all Councillors should be increased only by 1% and the remainder of the budget should be paid equally to the Leader, Deputy Leader and to Councillors in receipt of Tiers 1 and 2 Special Responsibility Allowances, to start building in a greater differential in allowances for those Councillors with increased responsibilities. Under this recommendation, Basic allowance would therefore have risen from £8,442 to £8,506 per annum and the remainder of the budget - £5,488 - would have resulted in an increase of £305 pa for most Councillors with extra responsibilities, listed in para. 3.1(iii) below.
- 1.6 Whilst the Council decision on 2 March 2009 means that this recommendation cannot be implemented in the sums proposed, the Council could still agree to modify the scheme of Councillors' allowances to provide for a larger proportion of the frozen £467,609 budget to be spent on Special Responsibility Allowance, and a smaller proportion on Basic Allowance. To implement the Remuneration Panel's recommended modification to increase SRA by £305 pa for the Leader, Deputy leader and Members in receipt of Tiers 1 and 2 (19 Members) would require the provision for Basic Allowance to be reduced by £5,796, and for each Councillor's Basic Allowance to be reduced by £126 pa, to £8,296. Alternatively, the Council could agree to continue the 2008/09 scheme into 2009/10 without change.
- 1.7 The Panel also considered and made recommendations with regard to travel allowances (remain unchanged for 2009/10); Dependant Carer's Allowance (remain unchanged but make representations to the Government opposing taxation of this allowance); and Co-optees' Allowances (modify to recognise the additional work of non-Councillor members of the Standards Committee) following the introduction of local assessment). They also noted that nine Councillors were in the local government pension scheme for Councillors and welcomed this.

2. RECOMMENDED ACTION

- 2.1 Council is asked to consider the report of the Independent Remuneration Panel and to adopt a scheme of Councillors' Allowances for the period 1 April 2009 to 31 March 2010.
- 2.2 Councillor Lovelock will move a motion at the meeting.

3. POLICY CONTEXT

- 3.1 The Council on 19 February 2008 agreed a scheme for Councillors' Allowances for 2008/09, with the following features:

- (i) The total amount to be spent on Members' Allowances in 2008/09 to be £467,609 representing a 2.45% increase on 2007/08.
- (ii) The level of basic allowance to be paid to each Councillor for 2008/09 to be £8,422 per annum.
- (iii) Special responsibility allowances (SRA) to be paid at the following levels to the office holders as specified below:

Office Holder	Level of SRA pa
Leader of the Council	£7,973
Deputy Leader of the Council	£6,514
Tier One to be paid to the Lead Councillors serving on the Cabinet and to the Leader of the main opposition group.	£4,344
Tier Two to be paid to the Chairs of Scrutiny Panels, Committees and the Leader of the other political group.	£2,445
Tier Three to be paid to other Councillors carrying out other activities in relation to the discharge of the authority's functions as require the commitment of equivalent time and effort as for other categories of activity which would qualify for Special Responsibility Allowance under Paragraphs 5(1)(i) of the Local Authorities (Members' Allowances) (England) Regulations 2003	£1,222

- (iv) Councillors may claim for the cost of a carer to look after children or disabled or elderly dependent relatives whilst undertaking approved duties on behalf of the Council as follows:

- Up to £7.18 per hour for childcare, up to 15 hours per week;
- Up to £7.18 per hour for the carer of a disabled or elderly dependent relative (including a disabled child), up to 15 hours per week;

and provided that the above claims were supported by a signed receipt from the carer confirming the hours and amount claimed and that the carer was not a close relative. These allowances are taxable.

- (v) An approved duty is defined as follows:

- a meeting of the executive
- a meeting of a committee of the executive

- a meeting of the authority
- a meeting of a committee or sub-committee of the authority
- a meeting of some other body to which the authority makes appointments or nominations
- a meeting of a committee or sub-committee of a body to which the authority makes appointments or nominations
- a meeting which has both been authorised by the authority, a committee, or sub-committee of the authority or a joint committee of the authority and one or more authorities, or a sub-committee of a joint committee and to which representatives of more than one political group have been invited (if the authority is divided into several political groups) or to which two or more Councillors have been invited (if the authority is not divided into political groups)
- a meeting of a local authority association of which the authority is a member
- duties undertaken on behalf of the authority in pursuance of any standing order requiring a member or members to be present while tender documents are opened
- duties undertaken on behalf of the authority in connection with the discharge of any function of the authority conferred by or under any enactment and empowering or requiring the authority to inspect or authorise the inspection of premises
- duties undertaken on behalf of the authority in connection with arrangements made by the authority for the attendance of pupils at a school approved for the purposes of section 342 of the Education Act 1996
- any other duty approved by the authority in connection with discharging the duties of the authority or its committees or sub-committees.

3.2 It was reported at the meeting of the Policy and Implementation Committee on 14 March 2000 that in future years the Council's Member allowances schemes would be uprated in line with the national pay award for Council employees.

3.3 The Council, on 13 November 2001, set up an independent Remuneration Panel to review annually the Council's scheme for Councillors' Allowances and to make recommendations for a scheme of allowances to include:

- i) the amount of basic allowance to be paid to all Councillors
- ii) the duties in respect of which Councillors should receive a special responsibility allowance, and the amount of such an allowance
- iii) allowances for the care of children or dependants.

3.4 The Remuneration Panel was set up to include at least three and no more than five independent members appointed to represent the following stakeholders with the Council. Its membership is:

- Local business community
Paul Briggs, Thames Valley Chamber of Commerce
- Local trades union movement
Brian Revell, Unite
- Local voluntary sector
Francis Connolly, former CIC member
- A person with past experience of local government
Annette Hendry, former Councillor

4. THE PROPOSAL

4.1 The Remuneration Panel met on 17 December 2008, 28 January 2009 and 6 February 2009 to consider the 2009/10 scheme.

4.2 At its meeting on 17 December 2008, the Panel considered:

- Minutes of the Remuneration Panel on 27 November 2007;
- Findings of the Remuneration Panel held on 27 November 2007;
- A copy of the report on Councillors' Allowances and Pension Scheme for Councillors, submitted to Council on 19 February 2008;
- The Council's full scheme of Councillors' Allowances for the 2008-09 municipal year;
- NJC Circular 1/06 on NJC Car Allowances 2008/09.

4.3 At its meetings on 28 January 2009 and 6 February 2009, the Panel considered:

- List of Councillors in receipt of Special Responsibility Allowances (SRAs)
- Extract from Members' Handbook which details the duties which constitute SRAs
- Details on local government pension scheme for Councillors
- Briefing note on co-optees' allowances.

4.4 The Panel's findings are set out at Appendix A.

Councillors' Allowances

4.5 With regard to the scheme for the financial year 2009/10, the Panel recommended that the total budget for Councillors' allowance be increased in line with the provision made in the Council's 2009/10 budget for staff salaries. At the time of the Panel's meetings this was 2%, although the provision for staff salaries in the budget was subsequently adjusted down to 1.5%. Of this projected increase of 2% the Panel recommend that basic allowance be increased by 1% for all Councillors and the remainder of the budget to be shared equally between the Leader of the Council, the Deputy Leader and Councillors in receipt of Tiers 1 and 2 Special Responsibility Allowances. The resultant levels of allowances from 1

April 2009 using this calculation are in the Panel's findings from 6 February 2009 attached at Appendix A.

- 4.6 The Panel recommended that subsistence allowances for Councillors, for breakfast, lunch, tea and evening meal, should be increased in line with those for officers, which will be issued by April 2009.
- 4.7 The Panel also considered travel allowances which they recommend should remain unchanged for 2009/10. They also discussed Dependant Carer's Allowance and agreed that the levels should remain unchanged but asked that the Head of Central Administration write to the Government opposing taxation of this allowance.
- 4.8 The Panel considered the briefing note from the Head of Central Administration on co-optees' allowances and agreed to modify the scheme so that the three non-Councillor members of the Standards Committee can claim attendance allowance for attending meetings set up by the Committee. During 2008 the Government transferred the responsibility for the initial assessment of complaints against Councillors from the Standards Board for England to local Councils. This will be set at the daily rate of basic allowance, currently £32.25.

Pensions

- 4.9 The Panel noted that nine Councillors had taken up membership of the pension scheme for Councillors. They welcomed this and will review the pension scheme when considering the scheme of Councillors' Allowances for 2010/11.

5. CONTRIBUTION TO STRATEGIC AIMS

- 5.1 The provision for the payment of allowances to Councillors gives local authorities the scope to set allowances schemes to suit local needs and to help ensure that Councillors are not financially disadvantaged in serving as elected Members.
- 5.2 Ensuring Councillors are recompensed fairly for their services will help to attract candidates of high calibre and help to retain them, thereby enhancing the stability and experience of Reading's elected Councillors.

6. COMMUNITY ENGAGEMENT AND INFORMATION

- 6.1 None.

7. LEGAL IMPLICATIONS

Members' Allowances

- 7.1 The Local Government Act 2000 requires local authorities to set up and maintain an independent Remuneration Panel to make recommendations to the authority concerning the allowances to be paid to elected members.

7.2 The relevant regulations governing the payment of allowances to elected members are:

- The Local Authorities (Members' Allowances) Regulations 1991 No. 351
- The Local Authorities (Members' Allowances) (Amendment) Regulations 1995 No. 553
- The Local Authorities (Members' Allowances) (Miscellaneous Provisions) Regulations 2001
- Local Authorities (Members' Allowances) (England) Regulations 2001
- The Local Authorities (Members' Allowances) (England) Regulations 2003
- The Local Authorities (Members' Allowances) (England) (Amendment) Regulations 2003.

7.3 The Local Government Act 2000 (Commencement No 6), made on 15 February 2001, brought into force from 19 February 2001 all the provisions of the Local Government Act 2000 which relate to allowances except the abolition of attendance allowance which was abolished from 28 July 2001.

7.4 The relevant regulations came into force on 4 May 2001 and from that date local authorities have been under a duty to set up an independent Remuneration Panel. Any decision to amend, revoke or replace an allowances scheme will have to be taken having regard to the recommendations of the panel. This will apply to the Council's current scheme, which will expire on 31 March 2009.

7.5 Under Regulation 2(5) of the Local Authorities (Functions and Responsibilities) (England) Regulations 2000, the adoption of the Members' Allowances scheme may not be the responsibility of the executive of the authority. Regulation 2(7) goes further and states that the Council may not delegate this function to a Committee or to an officer. The Council has to take all decisions relating to the adoption of its Scheme of Members' Allowances: this includes the consideration of the recommendations made by its independent Remuneration Panel for Members to be included in the pension scheme.

Publicity

7.6 The Regulations place a number of duties on a local authority in connection with publicising details on allowances paid to its elected members, including making copies of the Remuneration Panel's report available for public inspection as soon as is reasonably practicable. Members of the public are entitled to have a copy of the report on payment of a reasonable fee. The Council must publish a notice in at least one local newspaper stating the Council has received recommendations from the Panel, that the report is available for public inspection at its principal offices and describing the main features of the Panel's recommendations, including the level of allowances the Panel has recommended. This notice is attached at Appendix A, and was published in the Evening Post on 12 March 2009.

7.7 The Regulations also require the authority to publish two more sets of information. First, the authority must publish the scheme of Councillors'

Allowances that it adopts, to the same rules as for publishing the findings of the Remuneration Panel. This will be done on 7 April 2009. Secondly, the authority must publish the total sums paid by it to each Councillor under its scheme as soon as practicable after the end of the financial year in question: this will include dependant carers' allowance, and travel and subsistence payments. This will be done in May 2009, when the information will also be published on the Council's website.

8. FINANCIAL IMPLICATIONS

- 8.1 The 2008/09 budget for Members' Allowances is £467,609 plus NI contributions. The budget for 2009/10 has been frozen at the same level.

9. BACKGROUND PAPERS

- 9.1 The Local Authorities (Members' Allowances) (England) Regulations 2003
The Local Authorities (Members' Allowances) (England) (Amendment) Regulations 2003.
Remuneration Panel agenda - 17 December 2008 and 28 January 2009.

Copies of the above papers have been placed in the Members' room.



READING BOROUGH COUNCIL

SCHEME FOR COUNCILLORS' ALLOWANCES - 2009/10

FINDINGS OF REMUNERATION PANEL 6 FEBRUARY 2009

Reading Borough Council has received recommendations from an independent Remuneration Panel in respect of the scheme of allowances to be paid by the authority to Councillors for the financial year 2009-10. The Council will consider these recommendations at a future meeting.

The Panel's recommendations are set out below.

RECOMMENDATIONS OF REMUNERATION PANEL

- (1) That, for 2009-10, the total sum for the payment of Basic and Special Responsibility Allowances to Councillors be increased by 2.0%, from £467,609 in 2008-09 to £476,961 in 2009-10;
- (2) That, within this total sum, the provision for the payment of Basic Allowance to all Councillors be increased by 1.0%, from £387,412 to £391,276; and the Basic Allowance paid to individual Councillors be increased from £8,422 a year to £8,506 a year;
- (3) That the remaining £85,685 be spent on Special Responsibility Payments and, in this respect, the amount be split between all post holders in Special Responsibility Allowance Tiers 1 and 2 and the Leader and Deputy Leader, so that all post holders receive an increase as follows:
 - (a) the amount paid to the Leader be increased from £7,973 to £8,278;
 - (b) the amount paid to the Deputy Leader be increased from £6,514 to £6,819;
 - (c) the amount paid to SRA Tier 1 be increased from £4,344 to £4,649;
 - (d) the amount paid to SRA Tier 2 be increased from £2,445 to £2,750;
 - (e) the amount paid to SRA Tier 3 remain unchanged at £1,222.

No Councillor shall receive more than one Special Responsibility Allowance.

(4) That the existing categorisation of tiers should remain unchanged, as follows:

- Tier 1 to be paid to the Lead Councillors serving on the Cabinet and to the Leader of the main opposition Group
- Tier 2 to be paid to the Chairs of Scrutiny Panels, Committees and the Leader of the other political group
- Tier 3 to be paid to other Councillors carrying out other activities in relation to the discharge of the authority's functions as require the commitment of equivalent time and effort as for other categories of activity which would qualify for Special Responsibility Allowance under Paragraph 5(1)(i) of the Local Authorities (Members' Allowances) (England) Regulations 2003;

(5) That the 2009-10 arrangements for the payment of Dependent Carers' Allowance remain unchanged as follows:

- (a) Up to £7.18 per hour for childcare for up to 15 hours a week;
- (b) Up to £7.18 an hour towards the cost of a care attendant for an elderly or disabled relative (including a disabled child) for up to 15 hours a week;

The person providing the care may not be a close relative defined as spouse, partner (opposite or same sex cohabitantes), parents, children, brothers, sisters, grandparents and grandchildren. The paid care attendant must sign a receipt to show that they have cared for the dependent during the hours claimed for.

(6) That, subject to (8) below, the level of subsistence allowances, with the exception of overnight subsistence, remain the same provision as officers receive, when the information becomes available. The allowances for 2008/09 were as follows:

- Subsistence
 - Breakfast allowance £6.45
 - Lunch allowance £8.91
 - Tea allowance £3.53
 - Evening meal allowance £11.03
 - Overnight subsistence £82.21 a day outside
London
- £93.77 a day in London or
at LGA Annual Conferences

(7) That the level of travel allowances remain unchanged, as follows:

- Travel by Councillor's own motor vehicle - 35.6 pence per mile
 - Travel by Councillor's own bicycle - 32 pence per mile
 - Travel by Councillor's own motorcycle - 34.5 pence per mile
 - Bus travel - cost of the ordinary fare, cheap fare or portion of any weekly ticket;
- (8) That the subsistence limits referred to in (6) above be exceeded in exceptional circumstances at the discretion of the Monitoring Officer, e.g. to enable a Councillor and an officer attending a conference to stay at the same accommodation, subject to there being sufficient budget provision;
- (9) That provision for Co-optees' Allowances are payable solely to non-Councillor members of the Standards Committee attending meetings of the Committee or any Sub-Committee set up by the Committee as part of its process of assessing, investigating and hearing complaints about Councillors; the allowances to be paid at the daily rate equivalent of the Councillors' Basic Allowance; and the Monitoring Officer to be authorised to settle the rate to be paid on each occasion;
- (10) That the Standards Committee be authorised, pursuant to Regulations issued under Part III of the Local Government Act 2000:
- to suspend the payment of all allowances to a Councillor where the Committee has determined to suspend that member from being a member of the authority, for the duration of that suspension;
 - to suspend the payment of Special Responsibility Allowance to a Councillor where that Committee has determined to partially suspend that Councillor from particular functions or responsibilities which carry entitlement to Special Responsibility Allowance, for the duration of that partial suspension;
- (11) That the Panel continue to review the scheme of Councillors' Allowances on an annual basis;
- (12) That the Councillors' Pension Scheme be unchanged for 2009/10 and that the Panel continue to review the scheme on an annual basis;
- (13) That, should the staff pay award subsequently be agreed at a figure other than 2.0%, the figures outlined above for Basic and Special Responsibility Allowances be amended in accordance with this.

**John Painter, Head of Central Administration
Reading Borough Council
Reading
RG1 7AE**

Appendix B

REMUNERATION PANEL MINUTES - 17 DECEMBER 2008

Present: A Hendry
B Revell

A Foley
A Bryan

1. SCHEME OF COUNCILLORS' ALLOWANCES, 2009-10

The Panel considered a scheme of Councillors' Allowances for 2009-10. The following documents had been circulated in advance of the meeting and were considered by the Panel as part of their deliberations:

- (1) Minutes of the Remuneration Panel on 27 November 2007;
- (2) The findings of the Remuneration Panel on 27 November 2007;
- (3) A copy of the report to Council on 19 February 2008 on Councillors' Allowances and Pension Scheme for Councillors;
- (4) The Council's full scheme of Councillors' Allowances, 2008-09;
- (5) NJC Car Allowances 2008/09.

The Panel felt that it would be helpful to interview a selection of Councillors to seek their views on the current scheme of Councillors' allowances before reaching a conclusion. The Panel agreed to set a date to meet in January 2009 and to invite the three Group Leaders, Councillor Tony Jones and three other Councillors, one from each group, to give evidence.

AGREED:

That a further meeting of the Panel be held in January 2009 and that the Group Leaders together with Councillor T Jones and one other Councillor nominated by each group be invited to give evidence at this meeting.

REMUNERATION PANEL MINUTES - 28 JANUARY 2009

Present: A Hendry
B Revell

A Foley (for part of item 1)
J Ward

1. SCHEME OF COUNCILLORS' ALLOWANCES, 2009-10

Further to Minute 1 of the meeting held on 17 December 2008, the Panel considered its recommended scheme of Councillors' Allowances for 2009-10. The following documents had been circulated in advance of the meeting and were considered by the Panel as part of their deliberations:

- (1) Timetable of interviews with Councillors;
- (2) List of Councillors who receive Special Responsibility Allowances (SRAs);
- (3) An extract from the Members' Handbook which details the duties which constitute SRAs;
- (4) Details on the local government pension scheme for Councillors;
- (5) Report to modify paragraph 2.11 of the Council's Allowances Scheme regarding co-optees' allowances.

The Panel also received evidence from Councillors Cumpsty, Edwards, Epps, Goodall, T Jones, Lovelock and Steele as part of their deliberations.

(Anne Foley joined the meeting)

Anne Foley reported that nine Councillors had taken up the Local Government Pension Scheme for Councillors. The Panel welcomed this and noted that the pension scheme would be particularly beneficial to female Councillors who were parents and had not previously contributed to a pension scheme, and for those whose Council responsibilities had reduced their employment hours.

The Panel discussed travel allowances and noted that as few Councillors claimed travel expenses it was appropriate to leave these unchanged for the Municipal Year 2009/10.

The Panel discussed Dependant Carer's Allowances and noted that as childcare allowances were taxed this could create financial difficulties for Councillors who were parents. The Panel requested that a letter from the Head of Central Administration opposing this taxation, be sent to the Government.

The Panel having considered the report, agreed to modify paragraph 2.11 of the Council's Allowance Scheme regarding co-optees' allowances.

The Panel felt that it would be helpful to review the comments made by Councillors who had been interviewed before reaching a conclusion on the Scheme of Councillor allowances. The Panel agreed to meet again on 6 February 2009 to finalise their findings and recommendations.

AGREED:

- (1) That a further meeting of the Panel be held on 6 February 2009;**
- (2) That a letter opposing the taxation of childcare allowances be sent to the Government;**
- (3) That paragraph 2.11 of the Council's Co-optees' Allowance Scheme be modified to read as follows:
"Co-optees' Allowances are payable solely to non-Councillor members of the Standards Committee attending meetings of the Committee or any Sub-Committee set up by the Committee as part of its process of assessing, investigating and hearing complaints about Councillors. The allowances are paid at the daily rate equivalent of the Councillors' Basic Allowance. The Monitoring Officer is authorised to settle the rate to be paid on each occasion."**

REMUNERATION PANEL MINUTES - 6 FEBRUARY 2009

Present: A Hendry
B Revell

A Foley
A Bryan

1. SCHEME OF COUNCILLORS' ALLOWANCES, 2009-10

Further to Minute 1 of the meeting held on 17 December 2008, and to Minute 1 of the meeting held on 28 January 2009, the Panel considered its recommended scheme of Councillors' Allowances for 2009-10.

The Panel welcomed the continuation of the pension scheme. B Revell commented that, while the scheme was available to all Councillors, he would have favoured a scheme which would be taken up only where Councillors could identify a financial loss resulting from Councillor duties.

The Panel recommended that subsistence allowances should remain in line with those for officers, and childcare allowances and travel allowances should remain unchanged.

The Panel recommended an increase in the basic allowance for all Councillors of 1.0%, and that the remaining budget go towards increases in the Special Responsibility Payments to Special Responsibilities Allowances Tier One and Two and the Leader and Deputy Leader. This was in line with the staff pay award and within budget guidelines that had been set at 2.0%. If the staff pay award was subsequently settled at a different rate, appropriate adjustments would be made to the Councillors' Allowances. The Panel felt that building a greater differential in the allowances for those Councillors with increased responsibilities was needed, although it was noted that a substantial differential would take some time to achieve.

AGREED:

That, the following statement of findings and recommendations of the Panel be submitted to the Council:

FINDINGS

As set out at Appendix A