

INDEPENDENT REVIEW PANEL REPORT – B&NES MEMBERS’ ALLOWANCES 2017

EXECUTIVE SUMMARY

Introduction & Acknowledgements

Why the Allowances’ Review took place, and how it operated

1. Background B&NES Council has a statutory duty¹ to establish an independent review panel to periodically review its Members’ remuneration and allowances. The previous Panel had last sat in 2007. A new panel was appointed in 2015, and began its review in October that year.
2. The new “B&NES Remuneration & Allowances Independent Review Panel”, as it is called, comprises three members: Mary Burton, Hilary Wild and Jeremy Opie (the Chair). We are all principally resident in B&NES, and are independent of the Council. Our CVs are attached at Annex D.
3. Purpose We were appointed² to examine the members’ existing allowances and expenses, to consider whether they:
 - comply with all relevant government rules and guidelines,
 - meet any objectives the Council has set for them,
 - are reasonable, clear, comparable with other councils, justifiable and fair;and to make recommendations for any changes to the current Scheme of Allowances or to specific Allowance levels where we judged these justified and appropriate. Thus we were to provide the Council with a recommended framework to adopt, which the Council could henceforth decide to adapt and update to meet its changing needs and financial circumstances.
4. We were not directed by B&NES officers to meet a set allowances budget. However, we were advised that any recommendations for increasing any allowances would need to accommodate the fact that the 2015/2016 overall allowances budget could not be substantially increased for 2017/2018.
5. Scope. The Panel’s remit covered a wide range of Members’ allowances and expenses, although we concentrated much of our time on reviewing the B&NES Basic Allowance and Special Responsibility Allowances, which together account for the majority of allowances expenditure.
6. Approach. Having gathered data from B&NES officers, we conducted interviews with a representative sample of Council Members, including the Leader, a former Leader, several Cabinet Members, Committee Chairs, including both recently-joined and long-serving Members. We then issued a questionnaire to all sixty-five

¹ The Local Authorities (Members’ Allowances) (England) Regulations 2003

² The remit was explained to Panel members at their initial interview, and the full Terms of Reference are at Annex A.

current Members, and received responses anonymously from twenty-five (including one blank response). We went on to interview a significant and representative sample; and also interviewed the former Chief Executive.

7. Acknowledgements. We wish to express our sincere thanks to all the B&NES Members and officers who contributed to this review. Without their time and help the task would not have been possible.

Summary of Findings.

8. We concluded B&NES' current allowances and expenses are generally compliant with their relevant covering rules and guidelines³. On the basis of the evidence presented, and provided that the Council implements the recommendations made in this report, we can offer an assurance⁴ that the B&NES Members' Allowances are clearly defined, able to stand comparison with other Local Authorities' rates, and are reasonable, justifiable and fair, including to Members, B&NES' residents, Council Tax payers, business rate payers and owners and all other stakeholders.
9. At the start of our review the evidence available to us did not, in our view, clearly describe B&NES' objectives in relation to its Special Responsibility Allowances (SRAs). Moreover, responses from a number of those Members we interviewed demonstrated substantial differences of understanding about the purpose of the whole Scheme of Allowances. This suggested an overall lack of clarity and definition, which we saw as a significant risk to the transparency of the existing Scheme. However this shortcoming has been acknowledged by the Council in its new draft Members Allowances Scheme of April 2016, which the Panel will review once the Council has ratified it. A copy of this draft is at Annex B.
10. We were impressed by the dedication of all the Members we met or who answered our questionnaire, and by the amount of time and effort they devoted to their role(s). It was very clear to us that these Members had a strong sense of public duty and that they did not expect the Scheme of Allowances to reflect what might be considered "income replacement". Consistent with this, Members advised us that B&NES did not have a policy of income replacement through allowances. However, a significant proportion of Members expressed concern that the current level of the Basic Allowance could be a dis-incentive to many who might otherwise stand for election as a Councillor, while several Members stated that the expenses they incurred as Members had risen significantly over the last few years.
11. We gave due consideration to this evident concern among current Members, especially in terms of how it should influence our prioritisation of a Basic Allowance increase, on the one hand, and SRA changes, on the other; all within the financial context of the budgetary constraints being imposed on the Council. We decided, based on our analysis of our evidence and Members' concerns, that on balance it was appropriate to weight our recommendations in favour of enhancing the Basic Allowance – reflecting increases in general expenses and

³ The Local Authorities (Members' Allowances) (England) Regulations 2003

⁴ This is a value-adding contribution which is above and beyond the remit set for the Panel in its ToRs.

encouraging more diversity amongst Members – and hence to put less emphasis on increasing or maintaining the current level of SRAs.

12. This conclusion should not be taken to suggest that we did not give due regard to the work load and responsibility assumed by many SRA holders. However, all the evidence we saw made it clear that B&NES' need to ensure future diversity should be given precedence over the need to maintain a cohort of suitable SRA role-holders, as Members clearly believed they were having more difficulty with the former than the latter.

Summary of Recommendations.

B&NES Basic Allowance

13. **Recommendation 1.** We ascertained from our interviews and questionnaires that B&NES Members spent an average of 20 hrs per week on basic council work, and that the majority were “on duty” for all 52 weeks of the year. The National Living Wage will rise to £7.50 per hour effective 1 April 2017, and thus we have used this figure as the basis for our recommendation that the **Basic Allowance** be set at **£7800 per annum**, (up from £7411) representing 20 hrs per week, 52 weeks per year, at £7.50 per hour. This is an increase of £352 or 5.25%.⁵
14. **Recommendation 2.** In addition to their Basic Allowance Members receive a **Non-accountable allowance** to cover “expenses”, such as use of their home as an office and related expenses. We recommend this **be increased to £900 per annum**, (from £649 p.a.). This represents an increase of £251, or 39%, and takes account of several Members' evidence that these expenses had increased significantly over the past years.. Thus, under Recommendations 1 and 2 **all Members would be entitled to receive a total of £8,700 per annum**⁶, an increase of £640, or 7%, compared with 2015/2016.
15. **Recommendation 3.** Members continue to be entitled to claim **Travel, Subsistence (T&S) and Incidental Expenses (IE)**. However we recommend that **B&NES should use the HMRC-approved T&S and IE rates for Members**, to bring them into line with officers' rates and that Members, like officers, use the B&NES on-line claims system, so abolishing the current duplication of systems. Adopting the HMRC rates would entail a small reduction for Members, and the increase in both their Basic Allowance and non-accountable allowance is intended, in part, to offset this reduction.

Special Responsibility Allowances (SRAs)

16. Paragraph 9 above refers to the Panel's difficulty in receiving a clear, unambiguous, definition of the existing B&NES Scheme, including its SRAs. Once we had been provided with a sufficiently clear account, we concluded that

⁵ **N.B.** All the assumptions underlying this and the remaining financial recommendations are set out in Annex C.

⁶ We have noted that the level of the non-taxable allowance will have to be within the parameters set by HMRC, and thus should this higher non-taxable allowance be reduced by HMRC, the Basic Allowance should be increased by the amount dis-allowed by HMRC.

the current Scheme's SRAs had become over-complex and contained too many small gradations. This made the SRAs difficult to understand or, crucially for us, to justify; and, as noted in para 9 above, our interviews demonstrated that Members had many different interpretations of the objectives of the SRAs.

17. **Recommendation 4.** We recommend **B&NES SRAs be simplified and reduced to four levels**, as follows:

Level 1 The Leader of the Council

Level 2 Deputy Leader and all Cabinet Members

Level 3 Chair of the Council

Chairs of Overview & Scrutiny Panels

Chair of Development & Control Committee

Level 4 Chairs of Regulatory Committees, (including the Licencing sub-Committee Chair but excluding the Avon Pension Fund committees (see below))

The Vice-Chair Role

18. Having considered our evidence regarding the role of the Vice-Chair, or Past Chair, who deputises for the Chair of the Council when necessary, we concluded that this was essentially an ad hoc responsibility. We judged that, as such, it was not appropriate to include it in the SRA Tiers above, and that a daily rate, payable *pro rata* to either the Vice or Past Chair would be more appropriate.

19. **Recommendation 5.** We recommend the Levels be set as follows:

Level 1 - three times Basic Allowance (B.A.) at £23,400

Level 2 - two times B.A., at £15,600

Level 3 - one times B.A., at £7,800.

Level 4 - half times B.A., at £3,900.

Vice Chair/Past Chair, £100 per day, (£50 per half day) when called upon to substitute for the Chair.

Future Timing of Changes to Allowance Amounts

20. **Recommendation 6.** We recommend that, **henceforth**, in normal circumstances, **any uplifts or changes to Members' Allowances be implemented on the same date and by the same amount as officers' salaries are adjusted, and in line with National Joint Conditions.**

Other SRA Changes

21. The evidence provided to us by the Members we interviewed demonstrated it would not be feasible for any Member to fulfil more than one SRA-related role, except and unless to meet exceptional and temporary circumstances.
22. The current B&NES SRA Protocol allows Members to receive more than one SRA, and to be paid 50% of any additional SRA. This principle is potentially inconsistent with our finding at the previous paragraph. Secondly, our evidence showed that where a Member received more than one SRA (the Leader was one such case), it was not always easy to ascertain how their total annual allowance was arrived at. This potentially compromised the clarity and transparency of the overall Scheme. Thirdly, as far as the Panel could ascertain, this principle is unique to B&NES, and hence risks accusations that it is not in keeping with standard Local Authority practice.
23. **Recommendation 7.** We recommend that, **henceforth, no B&NES Member should receive more than one SRA**, with the exception of Political Group Leaders (see following paragraphs).

The Political Group Leader Role

24. The Council was unable to provide us with a consistent description of the role of the Political Group Leader, as it appeared to vary from political party to political party. In particular, we were not provided with a clear statement of how much of the work of this role related to what may be considered as “party political” tasks (for example, preparing for elections) and what proportion to political group briefings, soundings, and so on: i.e. tasks which could legitimately be regarded as *promoting the efficiency of the Council’s operation*. The latter category could, in our view, be regarded by B&NES’ stakeholders as legitimately deserving public funding, whereas the former may not be.
25. In addition, we did not judge that the evidence presented to us made a compelling argument for the current arrangement whereby Political Group Leaders are paid a *per capita* allowance, according to the size of their group. In our view this arrangement can reasonably be taken to favour, to some degree, the larger political groups over the smaller ones, with the risk that it might be seen to introduce bias or unfairness.
26. **Recommendation 8.** We recommend **the Council should provide greater clarity about the role of the Political Group Leader role, and, in particular, why it merits public funding.**
27. **Recommendation 9.** We recommend that the *per capita* allocation of funds to Political Group leaders be discontinued, and be replaced by a Level 4 SRA formally linked to a role definition to be added to the B&NES Scheme.

Chair of the Avon Pension Fund, Investment Committee and the two non-Councillor voting members

28. The evidence provided to us did not explain to us why the above roles were being paid from the B&NES Allowances budget.
29. **Recommendation 10.** We recommend that the **Chair of the Avon Pension Fund, Investment Committee and the two non-Councillor voting members be henceforth paid by that body**, and no longer from the B&NES Allowances budget.

The “Cabinet Assistant” Role

30. **Recommendation 11.** The Leader introduced a **Cabinet Assistant (CA) role** early in his term. This role was not yet covered by the present Scheme as we reviewed it. We were advised by B&NES officers that the role is likely to be reviewed; but if it is to be retained **we recommend that it be given a formal Job Description, and that it be formally added to the B&NES Scheme and awarded a Tier 4 SRA.**

Maintenance of the B&NES Scheme and SRA-related Roles

31. **Recommendation 12.** We recommend that, **henceforth, any change to the Scheme or to the list of specific roles receiving SRAs should be subject to appropriate Council approval and formalised promptly in an amendment to the Scheme of Allowances.** All such amendments should be issued to all Members, to safeguard clarity and promote transparency.
32. **Recommendation 13.** We recommend that the arrangements proposed above should continue until the next Council elections, unless the Council calls for an interim review by the Panel.

Communicating the Scheme

33. Our evidence demonstrated that there is a need to further promote the clarity, transparency and understanding of its Scheme of Allowances, both for Members and the public. For example, there was clear evidence of a lack of understanding among Members of the re-imbursable and non-accountable components of the current Allowances.
34. **Recommendation 14.** We recommend that **the Council should adopt measures to ensure that all Members, new and existing, have a working knowledge of the Scheme, its purposes and what it covers, such that they are able to operate the Scheme in accordance with its purposes, and to explain and justify it to all interested parties.**
35. **Recommendation 15.** We also recommend that **any information and guidance produced to support the effective operation of the Scheme should be published and maintained as an integral part of the Scheme. It should be made available to any future review panel.**

Lifetime of these Recommendations

36. **Recommendation 16.** We recommend **that the arrangements proposed above should continue until the end of the five year period (2021) when they will again be subject to review.** However, the current Panel is available to consider any significant proposed changes in the interim.

Signed

Mary Burton
Hilary Wild
Jeremy Opie (Chair)

B&NES Allowances Independent Review Panel Members