

**REVIEW OF SOUTHAMPTON CITY
COUNCIL'S SCHEME FOR
MEMBERS' ALLOWANCES**

**Report of the Independent
Remuneration Panel**

August 2011

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A. SUMMARY OF RECOMMENDATIONS

The recommendations of the Independent Remuneration Panel are that:-

1. There is no change to the linkage of the Basic Allowance to the National Minimum Wage.
2. The Basic Allowance be calculated on the basis of a 25 hour week and that it be reinstated to the current level of the National Minimum Wage and that it remains set at the level of the National Minimum Wage.
3. The rate of the Basic Allowance be adjusted on 1st October 2011 and in subsequent years to bring it into line with changes to the level of the National Minimum Wage.
4. Special Responsibility Allowances be adjusted to the levels and positions detailed in Appendix 1, commencing 1st October 2011.
5. Child Care allowances be claimable up to £4 per hour per child and subject to a receipt from a registered child minder.
6. Dependent Carers' Allowance of £10 per hour be claimable for the period of any meeting attended plus up to one hour's travelling time.
7. The Co-optees' Allowance be discontinued as of 1st October 2011.
8. The current payments for telephone line rental and broadband payment to Members should cease as of 1st October 2011 and be replaced with a single simplified Communications Package Allowance of £15 per month.
9. The HM Revenue and Customs advisory mileage rates be used as the basis for calculating mileage rate claims for private car use.
10. The Local Government Pension Scheme be closed to all Members of Southampton City Council eligible under the Local Government Pension Scheme & Discretionary Compensation (Local Authority Members In England) Regulations 2003 (i) for new members immediately and (ii) for existing Members from the start of the new Municipal Year, May 2012.
11. All other elements of the scheme remain unchanged.

B. INTRODUCTION

This is the report of the Independent Remuneration Panel appointed by Southampton City Council to make recommendations to the Council on the level of allowances that should be paid to Members.

MEMBERSHIP OF THE PANEL

The Panel is comprised of the following members:

Panel Members

Jo Ash
Denise Barlow (Chair)
Helen Jackson
Nathan Stafford-King

Another member of the Panel had to give apologies for the period of this review but will remain as a Panel member should a further review of allowances be requested by the Council.

WORK OF THE PANEL

The remit for the Panel was to consider and review the Members' Allowance Scheme. The Panel in particular reviewed the Allowance scheme in relation to the following:-

- Basic Allowance
- Special Responsibility Allowances
- Allowances for Co-opted members of Council committees and panels.
- Criteria for travel and subsistence claims that needed to be reviewed.
- Changes to the Telephone Line Rental payable
- Rates for Carers/Child Care Allowances
- Entitlement to membership of the Local Government Pension Scheme under the Local Government Pension Scheme & Discretionary Compensation (Local Authority Members In England) Regulations 2003
- Matters related to the Member Allowance Scheme that may be raised during the review process.

The Panel requested information from officers to assist in the review. Members were invited to give their views to the Panel on allowance rates, differentials in the Special Responsibility Allowances and any other matters they wished to raise. The Panel also met with a number of Members, to give an opportunity for their views to be taken into account and to enable the Members to ask questions about particular aspects of the review.

The Panel also met with the Independent Chair of the Council's Standards and Governance Committee.

The Panel met on four occasions between May and July. In coming to its conclusions, the Panel took into account the following information:

- Current Allowance Scheme
- Comparison Data of allowances with similar unitary authorities nationally.
- Comparison of allowances paid by authorities in the South East region.
- Responsibilities of Leader and Cabinet Members as detailed in the Council Constitution.
- Feedback from Members.
- Comparison analysis of telephone and broadband packages available.
- Councillor Census data produced by the LGA/IDeA
- Comparison analysis data on the National Minimum Wage, Average Weekly Earnings – Public Sector increases and RPI indicators.
- Commercial rates charged for childminding and carer responsibilities
- The Members' Development Strategy 2010-2013
- The A-Z of Services and Support for Members
- Information on Pension Contributions made by the Authority.

C. CONSIDERATIONS OF THE PANEL

a) Basic Allowances

1. The Panel noted that the Members' Allowance Scheme was last reviewed by the Independent Remuneration Panel in 2007, with the report published on 28th August 2007. The report was considered by Full Council on 19th September 2007 and many of the Panel's recommendations were amended.
2. The Panel noted that in the past, Council had decided to use the National Minimum Wage (NMW) as the basis for the Basic Allowance, based on a 37 hour week, with the Special Responsibility Allowances (SRA) being proportional to the Basic Allowances. Whilst Council has decided to use the NMW as the basis for the Basic Allowance enabling allowances to be compared to the minimum hourly rate, the Panel felt that this tended to give the impression that the allowance was akin to a salary, whereas the allowance was also intended to cover incidental expenses such as telephone calls and visits to constituents within their wards.
3. The Panel noted, however, that there seemed to be satisfaction with the use of the formula of the NMW and with the proportionality of the SRA's to the Basic Allowance.

4. In addition, it was further noted that in February 2010, as part of the annual budget-setting meeting, Council decided to freeze the Basic and SRA's, therefore de-linking Members' allowances from the NMW. The **Panel's recommendation** is that this link should be reinstated and maintained from the 1st October 2011.
5. In February 2011, the Panel was also advised that all councillors through their political groups agreed to take a voluntary 5.5% reduction in their Basic and Special Responsibility allowances in keeping with the maximum 5.5% reduction in pay for staff. The Panel accepted that the decision to voluntarily reduce their allowance was a decision for Members but felt that Members should be paid the basic allowance based on the reinstated National Minimum Wage rate and then it would be up to Members to decide how the allowance was used.
6. Although the Panel considered other formulae, such as the RPI, it considered that the use of the National Minimum Wage to set the Basic Allowances was the most appropriate formula and the **Panel's recommendation** is that there should be no change and that the calculation of the Basic Allowance should continue to be linked to the National Minimum Wage.
7. However, whilst the Panel appreciated that the current link to the National Minimum Wage was based on a 37 hour week, this did not reflect the number of hours that Members indicated that they were spending in undertaking Council duties. In recognition that the feedback obtained by the Panel indicated on average that Members spend no more than 25 hours a week undertaking Council duties, the **Panel's recommendation** is that the calculation of the basic allowance should be reduced from 37 hours to 25 hours per week.

b) Special Responsibility Allowances

1. The Panel noted that in the past, Council had decided to base the Special Responsibility Allowance (SRA) using as a multiplier the Basic Allowance. The **Panel's recommendation** is that this approach should be continued as the basis for calculating the amount of allowance to be paid.
2. However, in considering the amount to be calculated in this way, the Panel considered that the rates should be adjusted. This was to reflect the increase in the level of responsibility that the Leader and the Cabinet Members were now undertaking, especially in light of the fact that the number of Cabinet Members had reduced but the responsibilities had not decreased and had been redistributed amongst those remaining Cabinet Members. The Panel also recognised the expanding roll of the opposition Leaders in scrutinising and holding the Executive to account.

3. In addition, the Panel considered the possible payment of an SRA for the Independent Chair of Standards and Governance Committee. When first set up, the Chair was the Mayor and therefore there was no SRA entitlement. However, in the last few years, due to statutory changes, the Chair is now one of the four co-opted members of the Committee. Standards and Governance Committee meets quarterly although it can meet more frequently. The **Panel's recommendation** is that the Chair should be entitled to receive an SRA of £250 for the additional time, responsibility and meetings this role entails.
4. The Panel also considered the other current Special Responsibilities and made appropriate adjustments by comparing them with the roles and responsibilities that Members undertook. The Panel considered the responsibilities of the individual Chairs, and in particular noted the additional work required of the Chairs of Employment and Appeals and Planning and Rights of Way Panel. The **Panel's recommendation** is that a higher allowance be paid to these Chairs. This is based on the contentious nature of the issues that the Panel Chair has to deal with, the knowledge and amount of time required to deal with the detail of employment and planning matters. In addition, the number of members of the public attending planning meetings and the level of chairing skills required, and the fact that the deliberations and decisions for this meeting are taken in public as opposed to decisions taken in private session for most meetings of other regulatory panels.
5. The Panel also noted that there was one SRA that the Independent Remuneration Panel included in their last report that was unwittingly excluded from the Council amendment, and that was the Chair of the Audit Committee. The **Panel's recommendation** is that Chair of Audit Committee should be paid an allowance in view of the additional responsibility of the Chair for ensuring the adequacy of risk management for the Authority and maintaining proper accounting records.
6. In addition, the Panel were advised that in accordance with the Local Government and Public Involvement in Health Act 2007, the Leader had appointed a Deputy Leader. The Panel considered whether a Special Responsibility Allowance should be paid to this position and the **Panel's recommendation** is that an amount should be paid in recognition of the Deputising role that the position would undertake in the absence of the Leader.
7. The recommendations of the Panel in relation to the Basic and Special Responsibility Allowances are shown in Appendix 1.

c) Co-optees' Allowances

1. The Panel considered the Co-optees' Allowance, which co-opted members of Standards and Governance Committee and Children's Services and Learning Scrutiny Panel are currently entitled to receive. The Panel concluded that the current rates were set at a high rate in comparison with other allowances and the Panel's view was that co-optees undertook their duties in a voluntary capacity. The Panel considered that many people undertook roles in a voluntary capacity without receiving remuneration and that these roles should be treated no differently.
2. The **Panel's recommendation** is that the Co-optees' allowance should be discontinued.

d) Carers' Allowances

1. The Panel were informed that although the Independent Remuneration Panel had recommended that the Childcare and Carers' allowance continue to be set at the rate of the National Minimum Wage, Council decided that these allowances should be set at staff rates.
2. The Panel also noted that there was a significant difference in the way that the Council could support staff with childcare responsibilities (e.g. childcare vouchers funded from employees' gross salary) and that there was no staff scheme for a carers' allowance. Therefore, based on existing but out-of-date rates, the maximum amount that could be paid for childcare could not exceed £15 per day.
3. The Panel concluded, that based on child minding fees obtained from the South East Child Carers Association, the current rates for childcare and carers' allowances were too low. However, the allowance set would only cover the cost of child care responsibilities over and above the normal child care responsibilities that individuals would have in place.
4. The **Panel's recommendation** is that child care be paid up to £4 per hour per child and subject to a receipt from a registered child minder.
5. With regard to a Carers' allowance, the Panel considered that the rates set should be consistent with those set by commercial organisations and the commercial hourly rate charged by them for Carers.

6. The **Panel's recommendation** is that the rate for carers should be set at the mid point market rate for personal carers and the allowance payable be £10 per hour for the duration of any meeting attended plus up to one hour's travelling time.

e) Telephone Line Rental

1. The last Independent Remuneration Panel recommended that the rate for the broadband allowance be increased from £15 to £17 per month, whilst reduced charges for telephone line rental meant that the £12 line rental allowance could be ceased. However, a new mobile allowance of £10 per month was introduced to reflect changing trends in communication. Council, however, decided that the telephone rates should be the same as those for staff.
2. Due to decreasing rates for broadband, the number and range of packages that can now be purchased and the relatively cost effective packages available on the market that can be purchased, the **Panel's recommendation** is that there should be one simplified communications package available for Members and that this should be a fixed rate of £15 per month. The Panel concluded that this should cover the costs of all the rates for any expenses incurred such as line rental or broadband or for the installation of a public line telephone in their homes if a second line is required for family or other reasons.

f) Travel

1. The Panel noted that in March 2011, the Chancellor of the Exchequer announced that the HMRC Approved Mileage Allowance Payment would be increased to 45p per mile and the Southampton Car Allowance for staff will be increased to reflect this. The change comes into effect on 11th July with that of other staff terms and conditions. The Members' Allowance Scheme will be amended at the same time as the staff allowances change.
2. The **Panel's recommendation** is that as the HM Revenue and Customs advisory mileage rates are set below the taxable threshold and accepted generally as the acceptable rate by business and other organisations, this rate should be used for calculating mileage claims for Members.

g) Pensions

1. Under the current scheme, all Members are entitled to join Hampshire County Council's Councillors' Pension Scheme, subject to their entitlement under the regulations. The amounts in respect of which pensions are payable include both Basic and Special Responsibility Allowances, but no other allowances. Approximately 25-30 Southampton Councillors are members of the pension scheme.
2. Having regard to their role as Councillors, the Panel considered whether there should be any changes to Members' entitlement to join the scheme. The Panel considered that the role of the Councillor was not commensurate with having employment but was undertaken in a voluntary capacity as a public duty and there were no contractual obligations to undertaking the role. The **Panel's recommendation** is that the current eligibility for Members to join the scheme should cease and that the scheme should be closed to all new Members immediately and for existing Members as from the 1st May 2012.

D. CONCLUSIONS

The recommendations of the Independent Remuneration Panel are given on page 3 of this report. The Panel would like to thank all of the Members who contributed their views and information.

Independent Remuneration Panel
August 2011

Appendix 1

Recommendations of the Panel on the Basic and Special Responsibility Allowances.

Members Allowance Scheme

Allowance Scheme	*Current Allowance (£) 2009 rate payable	Current Allowance (£) payable October 2011	Recommended Allowance (£) from 1st October 2011	Recommended Allowance Calculation
Basic Allowance	11,159.20	11,697.92	7,904.00	Minimum Wage
Leader of the Council	22,318.40	23,395.84	27,664.00	3.5 x Basic Allowance
Cabinet Member	11,159.20	11,697.92	15,808.00	2 x Basic Allowance
Chair of Employment	5,579.60	5,848.96	5,928.00	0.75 x Basic Allowance
Chair of Planning	5,579.60	5,848.96	7,904.00	1 x Basic Allowance
Chair of Licensing	5,579.60	5,848.96	3,952.00	0.5 x Basic Allowance
Chair of OSMC	5,579.60	5,848.96	7,904.00	1 x Basic Allowance
Chair of Health Scrutiny Panel	2,789.80	2,924.48	5,928.00	0.75 x Basic Allowance
Opposition Group Leaders	8,369.40	8,773.44	15,808.00	2 x Basic Allowance
Chair of Audit			1,976.00	0.25 x Basic Allowance
Deputy Leader			17,784	2.25 x Basic Allowance
Independent Chair of Standards and Governance			250	
Dependent Carer			10	per hour of meeting, plus 1 hour travelling
Child Care			4 per hour, per child	per hour of meeting, per child
Communications			15	Per month
Travel			45p	HM Revenue and Customs Rate
Notes:				
National Minimum Wage as from 1 st October 2011 is £6.08				
Basic Allowance = National Minimum Wage x 25 hours per week x 52 weeks a year				
* ignores voluntary 5% reduction				