

Report to the Council

Committee: Independent Remuneration Panel
(Messrs M Donn, D Jackman, S Lye)

Date: 13 December 2005

Item: 9

1. MEMBER REMUNERATION SCHEME - REVIEW FOR 2006/07

Recommending:

Members' Connectivity Scheme

(1) That the proposal of the Council to pay a grant of £500 per member per annum as a supplement to the basic allowance to assist members in receiving electronic notification of and Internet access to papers for Council meetings and associated information be supported, subject to:

(a) the member signing an agreement to undertake to meet the terms and conditions set out in the Members' Connectivity Scheme;

(b) an expectation that those members already having their own IT equipment, e.g. computer with Internet access capability, broadband access to the Internet via a provider, will opt not to receive all or some of the grant;

(c) the payment of the grant after March 2009 being reviewed, as by that time it is considered that all members of the Council will have their own computer with Internet access capacity and broadband access to the Internet via a provider;

(2) That an approach be made to the Inland Review seeking a blanket dispensation for income tax liability in respect of the grant;

Licensing Committee

(3) That no change be made to the amount of the special responsibility allowance for the Chairman of the Licensing Committee;

(4) That no special responsibility allowances be made for the roles undertaken by other members of the Licensing Committee;

(5) That these issues be reviewed by the Remuneration Panel in 2006;

Overview and Scrutiny

(6) That no change be made to the amount of the special responsibility allowance for the Chairman of the Overview and Scrutiny Committee;

(7) That special responsibility allowances be made to the Chairmen of the Overview and Scrutiny Standing Panels (at a full rate of £1575 per annum) with effect from the municipal year 2006/07;

(8) That no special responsibility allowances be made to the Chairmen of the Overview and Scrutiny Task and Finish Panels;

(9) That appropriate provision be made in the draft budget for 2006/07 to cover the cost of special responsibility allowances for the Chairmen of the Overview and Scrutiny Standing Panels (currently 5 x 40% (£630) of the full amount = £3150).

Cabinet

(10) That no change be made to the amounts of the special responsibility allowances for Portfolio Holders for the 2006/07 municipal year;

(11) That the views of Group Leaders be sought on the Panel reviewing special responsibility allowances for Portfolio Holders for the 2007/08 municipal year including the possibility of ranking portfolios into tiers having regard to workload, budgets, staff responsibility, perception.

Travelling Expenses

(12) That with effect from the municipal year 2006/07, the mileage rates paid to members equate to the rates paid to employees as set by the Employers' Organisation.

Members' Connectively Scheme

1. We have been informed that the Council has agreed an IT Strategy for Research and Democratic Services with the aim of setting timescales for the implementation of an electronic Committee Management System and determining the means for member connectively to the Council's network.

2. We have also been advised that the majority of members have advised that they do not want the direct provision of IT equipment as they already have equipment in their homes. The proposal is based, therefore, on an annual grant of £500 to each member.

3. We have been advised that in order to obtain the grant, members will need to sign an agreement to undertake to:

(a) provide their own computer with Internet access capability;

(b) provide their own broadband access to the Internet via a provider;

(c) provide their own paper and print consumables except Members' headed stationery which will continue to be provided by the Council;

(d) only be provided with paper copies of agenda for those Committees on which they are a member or are otherwise required to attend (e.g. as a member of the Cabinet).

4. We have been asked to express views on the principle and the proposed amount of the grant.

5. We understand that approximately two thirds of the members of the Council have their own computer, although the majority do not appear to have broadband access.

6. We have questioned the officers about whether the proposed grant will be regarded as taxable income for income tax purposes. We have been advised that if the Council provides a member with computer equipment to perform their duties at home, the first £500 is exempt from tax. We have also been advised that if the Council pays for broadband connection to a member's home solely for Council purposes, the connection costs are exempt from tax where:

- (a) the broadband package has no separate billing or record of access calls;
- (b) no breakdown is possible between authority or private calls; and
- (c) where private use is not significant.

Furthermore, tax is not payable on benefits in kind if a member's total annual income from the Council is less than £8,500, if the Council requires the member only to use the facility or equipment for Council business, or where the Council has obtained a dispensation from the Inland Revenue.

7. However, as the Council is not providing equipment the position is less clear. Basic allowance is taxable and it would appear that the £500 grant will be classed by the Inland Review as employment income and therefore taxable income. We are suggesting, therefore, that an approach be made to the Inland Review to establish if they are prepared to grant a blanket dispensation as members will need the appropriate IT equipment in order to carry out their duties. In this way we are hoping that the whole amount of the grant will be available to members. If 25% or 40% is deducted from the grant for income tax purposes, we do not consider the scheme will be value for money for the Council or its taxpayers.

8. In relation to the proposed amount of the grant, we have been made aware of two other local authorities providing a grant for this purpose, one paying £500 per annum and the other, £375 per annum.

9. In our view, assuming that the grant is not liable for income tax, £500 will not be sufficient for a member to acquire a suitable computer, broadband, a printer and supplies. On the other hand we are of the opinion that the amount is very generous for those members already having the necessary IT equipment. We understand that those members signing up to the scheme prior to 19 December 2005, will receive the full first year allowance for 2005/06 in January 2006 and we accept that this will assist those members needing to purchase equipment. From the next financial year (2006/07) those members signed up to the Scheme will receive payments quarterly in arrears, so they will receive another payment in June 2006. We did ask if the various elements could be broken down with members paid only for those elements they need to acquire. We were advised that this would be difficult to administer.

10. We do have concerns about the full amount of the grant being paid to those members already having their own IT equipment, and we are recommending that there will be an expectation for those already having such equipment will opt not to receive all or some of the grant.

11. The provision for payment of the full year's grant for 2005/06 in January 2006 and the expectation that some members will opt not to receive some or all of the grant go some way to alleviating our concerns.

12. We do not foresee the grant being paid indefinitely and we are suggesting that a review be undertaken in March 2009, i.e. after four financial years, by which time we would expect all members of the Council to have their own IT equipment of the necessary standard.

13. We are supporting the payment of the grant subject to the matters set out in our recommendations.

Licensing Committee

14. We have been advised that in February 2005, the Council assumed responsibility for the licensing of persons, premises and events involving the sale of alcohol, including off-licenses, public houses, clubs, restaurants, supermarkets and the proprietors of those premises. We have also been advised that over the period 7 February to 24 November 2005, all licence holders have been required to apply for the transfer of a licence to the District Council from the Magistrates' Court. Following 24 November 2005, all licences will in future be issued by the District Council. Prior to these changes in the law, the Council has been and continues to be responsible for entertainments licensing, hackney carriage licensing and hire car vehicles and a range of other licences.

15. We understand that in order to accommodate these changes, the Council has altered its arrangements for dealing with licensing applications and renewals. A new Licensing Committee (replacing the former Licensing Panel) has been appointed comprising 15 members, and Sub-Committees of three councillors drawn from the main committee have been established to hear and rule on applications.

16. We have considered the Licensing Committee's terms of reference, the list of functions and delegated authorities and the Council's Statement of Licensing Policy.

17. We have been advised that the period from February to November 2005 could be seen as a transitional phase. The Council has been required to process a large number of licence transfers in a relatively short period and the Sub-Committees have been meeting at regular intervals, sometimes weekly/sometimes fortnightly. After November 2005, it is not clear whether meetings will need to continue at this frequency.

18. In the light of this information, we have reviewed the special responsibility allowances in respect of Licensing Committee members. Currently, the Scheme provides for the payment of £630 per annum (40% of the full amount recommended by the Panel) to the Chairman of the Licensing Committee.

19. We have considered the following options:

(a) whether the range of licensing responsibilities of the Council warrants a different level of special responsibility allowance;

(b) whether the allowance should be extended to all members of the Licensing Committee bearing in mind that the Chairman of the Committee does not necessarily chair every meeting of a Sub-Committee;

(c) whether this might set a precedent for other Sub-Committees, Panels carrying out equivalent functions.

20. We have concluded that we cannot support an increase in the amount of the special responsibility allowance or payment of it to all members of the Licensing Committee since it appears that most of the increase in workload will cease in November 2005. However, as the matter is not altogether clear we are suggesting that we review the position again next year.

Overview and Scrutiny

21. Our attention has been drawn to the alterations made by the Council to its Overview and Scrutiny Committee structure with effect from May 2005. Prior to that time, the three Chairmen of the Overview and Scrutiny Committees and the three Chairmen of the Policy Working Groups had received special responsibility allowances, set at a minimal level. If the three Committees had been in existence in the current year, each Committee Chairman would have received 40% (£2,250 per annum) of the agreed special responsibility allowance. Each Working Group Chairman would have received 40% (£630 per annum) of the agreed special responsibility allowance.

22. Since May 2005, there has been a new Overview and Scrutiny Committee in place of the previous three Committees and a new system of panels in place of the former working groups.

23. We have examined the level of special responsibility allowance for the Chairman of the Overview and Scrutiny Committee in recognition that this member is effectively the lead member for the whole Overview and Scrutiny process. Previously, the role had been split between three separate members and the Scheme equated the roles of Leader of the Council and the three Overview and Scrutiny Chairmen in that they received the same amount of special responsibility allowance.

24. We have concluded that it would be inappropriate for the Chairman of the Overview and Scrutiny Committee to receive a higher special responsibility allowance than the Leader of the Council and we are recommending no change to the current amount.

25. We understand that the new system of panels has produced some standing panels concerned with recurring functions of the Council and some Task and Finish Panels designed to carry out particular reviews and then be disbanded.

26. We believe that the Standing Panels have an equivalent place in the Council's structure to the former Policy Working Groups although they operate in a different way. Accordingly, we are recommending that the Chairmen of the Standing Panels should receive special responsibility allowances equivalent to the amounts previously paid to the Chairmen of the Policy Working Groups.

27. However, in view of the limited existence the Task and Finish Panels, we are suggesting that it would be inappropriate to make special responsibility allowances to the Chairmen of those Panels.

Cabinet

28. When the Cabinet was first established it comprised 10 members with discrete portfolios. In 2004, this number was reduced to nine with the Portfolios of Corporate Support Services and ICT being combined. As a result the Cabinet has asked us to look at the issue of special responsibility allowances for Cabinet members bearing in mind that the responsibilities are now spread over fewer members.

29. We have been asked previously to consider recommending different amounts for different Portfolio Holders. We did not reach a conclusion on this matter as members were unable to come forward with an acceptable basis for calculation of the allowances.

30. Bearing in mind that the Council has still not moved to the full allowances recommended by us and with no detailed information on which to base any changes, we feel unable to suggest any change to the current amounts for Portfolio Holders.

31. We appreciate this issue is still a matter of concern to some members and we are recommending that the position be reviewed with a view to changes being made to the scheme for 2007/08. However, to do this we will need guidance and further information. We have in mind the portfolios being ranked into say three tiers, having regard to workload, budgets, staff responsibility, perception. We would then recommend set amounts for Portfolio Holders falling within the first tier, those in the second tier and those in the third tier. In this way it would be possible to set criteria for being in the various tiers and this would negate the need to review the matter again in the event of combining/changing portfolio holder responsibilities in the future. We would also need guidance on whether members are prepared to increase overall the amount made available to Portfolio Holders or to keep to the existing amount which would result in some Portfolio Holders getting a lower allowance than they currently receive. To start this process we are suggesting that the officers seek the views of Group Leaders on a way forward.

Travelling Allowances

32. The rates of the mileage allowances have not changed since 2000/01 which was the last year in which the Government specified a maximum rate. It is now for councils to determine their own rates after considering the views of their Independent Remuneration Panels.

33. The Council's current rates for members are:

not exceeding 999 cc - 34.6p per mile
not exceeding 1199 cc - 39.5p per mile
exceeding 1199 cc - 48.5p per mile

34. When Central Government guidance ceased, the Local Government Association in consultation with the Employers' Organisation agreed to circulate the annual mileage rates for employees as guidance for councils and panels when considering the rates for members.

35. We are recommending that the rates to apply regarding the reimbursement of travel expenses for car use by members should equate to the rates paid to employees. Currently the following rates apply but these are revised annually with the next revision due in April 2006:

451 - 999 cc - 38.7p per mile

1000 - 1199 cc - 42.0p per mile
exceeding 1200 - 52.7p per mile

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