

PART A

Report to: Council
Date of meeting: 30 January 2018
Report of: Democratic Services Manager
Title: Watford Borough Council's Scheme of Remuneration 2018-22

1.0 Summary

- 1.1 At the Full Council meeting of 29 January 2014 the members remuneration scheme was set for four years, 2014-18.
- 1.2 As per The Local Authorities (Members' Allowances) (England) Regulations 2003 four years is the maximum duration for an allowance scheme before requiring review. Also according to the regulations the council must seek recommendations from an Independent Members Remuneration Panel (IMRP) in respect of the allowances scheme.
- 1.3 In 2017 the IMRP met four times:
- 13 July 2017 – to establish the timetable and identify information required
 - 11 September 2017 – to hear submissions
 - 29 October 2017 – further analysis of submissions and finalising of panel recommendations
 - 2 November 2017 – Finalisation of report
- 1.4 The report of the review is attached as appendix B. The appendices to the report are available upon request.

2.0 **Risks**

2.1

Nature of Risk	Consequence	Suggested Control Measures	Response <i>(Treat, tolerate, terminate, transfer)</i>	Risk Rating (the combination of severity and likelihood)
Any increase in Members' remuneration would impact on future years budget	Increased budget	The quadrennial review means the scheme will be set for four years which allows for budget planning	Treat	4
Not achieving appropriate level of remuneration	Could discourage participation in the democratic process and not attract a diverse range of high calibre candidates	Members to have regard to the advice of the IMRP regarding the level of allowances	Treat	2

3.0 **Recommendations**

- 3.1 To consider and respond to the specific recommendations of the IMRP as set out in Appendix B to the report and detailed in paragraph 4.3
- 3.2 To decide if council wishes to adopt the dependency allowance scheme as set out in Appendix C
- 3.3 To agree a scheme for 2018-22 subject to the council being able to request an interim review before the end of the four year period. There may also be a need for a brief referral to the Panel after May if a new Mayor proposes changes to the political structure that isn't provided within the Panel's existing report .
- 3.4 That each Panel member be paid £800 and that the Chair be paid £1200 as a one off payment to cover the four year period 2018-22

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Report approved by: Carol Chen Head of Democracy and Governance

4.0 Detailed proposal

4.1 Background

4.1.1 The IMRP has been in existence since 2000 and has met annually to consider the operation of the Members' Remuneration Scheme.

4.1.2 Members' allowances at Watford have been frozen since 2003. The Elected Mayor's salary has been frozen since 2010.

4.1.3 All four members of the IMRP are independent of the Borough Council. Hazel Bentall and Barry Mathiason have been members since 2010 and 2012 respectively. Lee Walsingham and Gill Crowson were both appointed in 2013. Lee Walsingham was appointed as Chair of the Panel in 2013 and 2017.

4.2 Information considered by the Panel

4.2.1 Submissions and background information

The IMRP received written and personal submissions from the Liberal Democrat and Labour groups, the Mayor and Managing Director. The Panel were also provided with the first and most recent IMRP reports, comparison data with other authorities, the relevant regulations and current scheme. They were also given links to the self-assessments completed by councillors.

Following their first meeting the Panel requested role profiles which had been made available for their previous review. These were circulated to relevant councillors to check for any updates and then provided to the Panel.

4.3 Panel's recommendations

A copy of the panel's final report is attached as appendix B. The appendices referenced in the report are available on request.

4.3.1 **Elected Mayor's salary**

It is the Panel's recommendation that the Mayor's salary should remain unchanged for the period 2018/19 and from then linked to local government pay increases from 1 April 2019.

4.3.2 The Panel commented that the comparisons showed the salary was competitive against similar roles although it was felt that in future there should be a mechanism to allow increases in line with public sector pay awards. The current Mayor's salary is £65,738, a 2% increase (the current local government employers' pay offer) from April 2019 would mean a salary of £67,048.

4.3.3 The Panel also commented that the salary should remain unchanged subject to local government pay increases from April 2019 and subject to any amendments needed to resolve issues related to pension contributions.

4.3.4 **Elected Mayor's Pension**

It is the Panel's recommendation that there should be a contribution for pension payments added to the Mayor's salary equivalent to the employer's pension contributions made in the local government pension scheme.

It should be shown there is a pension contribution as part of the salary in the allowance scheme.

In respect of the current Mayor there should be back pay of pension contributions from October 2015 to May 2018 (the period since the Council stopped contributing to the Mayors pension) at the prevailing employer pension's contribution rate during this period.

4.3.5 That the Elected Mayor should receive a pension was recommended by the 2000 IMRP and agreed by Council in February 2001. Due to changes in government legislation in 2015 previously agreed pension payments to the Mayor stopped and it was agreed to review the position. This IMRP Report clarifies that a payment of salary equivalent to the pension contribution is now the appropriate way to deal with the issue. HR and Finance will make this calculation.

4.3.6 **Travel allowance for the Elected Mayor**

It is the Panel's recommendation that this should remain unchanged.

4.3.7 The Elected Mayor's travel allowance is set at £500 per year. This is kept under review by Democratic Services to ensure it reflects the Mayor's annual spend.

4.3.8 Level of Basic Allowances

It is the Panel's recommendation that whilst it was not recommending an immediate increase in the basic allowance, it should in future be linked to local government pay settlements and be increased accordingly. It was felt this should come into effect in April 2019.

4.3.9 The panel considered that although the basic allowance had been frozen since 2003 it still remained competitive and did not appear to have had a detrimental effect on attracting new councillors. However, it should be linked to local government pay settlements from April 2019.

4.3.10 The current basic allowance is £7,209, a 2% increase would mean a basic allowance of £7,353.

4.3.11 Special Responsibility Allowance

It is the Panel's recommendation that whilst it was not recommending an immediate increase in SRA, it should in future be linked to local government pay settlements and be increased accordingly. It was felt that this should come into effect in April 2019.

4.3.12 The Panel was of the opinion that an immediate increase was not required but it should be linked as outlined above from April 2019.

4.3.13 The impact of a 2% increase would be:

Roles	Current SRA	Increased SRA
Portfolio Holder	£10,815	£11,031
Chairs of scrutiny Chairs of DMC & Licensing Chair of Audit	£7,930	£8,089
Cabinet member without portfolio Vice Chair of Overview and Scrutiny Chair of Functions (pro rata) Chair of Chief Officer Pay Panel (pro rata)	£2,884	£2,942

4.3.14 **Chairman and Vice Chairman Allowances**

It is the Panel's recommendation that the Chairman's allowance should be increased to £4,000 and the Vice Chairman's allowance should be increased to £2000

4.3.15 The current Chairman and Vice Chairman allowances have been frozen for a significant period of time. The Panel considered that the costs to the individuals in these roles had risen significantly. The current Chairman's allowance is £2,720 plus basic rate of tax reimbursement, the current Vice Chairman's allowance is £1,330 plus basic rate of tax reimbursement.

4.3.16 The Panel proposes that as the allowance is recommended to be increased the mention of basic tax reimbursement should be removed.

4.3.17 **Group Leaders Allowance**

It is the Panel's recommendation that the cap at £2,000 should be removed

4.3.18 Currently the group leaders are paid £100 per group member and this is capped at £2,000. The Panel were of the opinion that a larger number of group members meant more complex responsibilities and so recommended removing the cap.

4.3.19 **Travelling and subsistence allowances**

It is the Panel's recommendation that these payments should remain unchanged.

4.3.20 **Co-optees Allowance**

It is the Panel's recommendation that these payments should remain unchanged.

4.3.21 **Care of Children and Dependents**

It is the Panel's recommendation that council officers should draw up a scheme for implementation based on:

- **Use of national minimum wage**
- **It should require receipts**
- **Not be allowable for family members/members of the household, unless at the discretion of the Monitoring Officer**

4.3.22 At the Panel's request officers drew up a draft suggested scheme (appendix C).

4.3.23 The Panel considered that the proposal would not have a significant budget impact but would increase inclusivity for a number of councillors.

4.4 New Elected Mayor

As the Council is aware there are Mayoral elections this year and should a new Mayor wish to create any new posts within the allowance scheme then the council could consult the IMRP via e-mail and bring their recommendations before Council to consider.

5.0 **Implications**

5.1 **Financial**

5.1.1 If all recommendations are agreed this would mean the allowance scheme would cost £455,672. This is making the assumption that the number of SRA posts remains at the current level and that the link to the local government pay settlement starts in April 2019. The current members allowances and civic allowances budgets total £443,180. This means a difference of £12,492. This has been included in the budget papers, along with future years costs to take into account potential increases

5.1.2 The Shared Director of Finance comments that the additional figures have been built into the 2018/19 budget proposals which are a separate paper on this agenda.

5.2 **Legal Issues** (Monitoring Officer)

5.2.1 The Regulations state that “a scheme may make provision for an annual adjustment of allowances by reference to such index as may be specified by the authority and where the only change made to the scheme in any year is that effected by such annual adjustment in accordance with such index that the scheme shall be deemed not to have been amended.” It goes on to say that the index must not be relied upon for longer than a period of four years.

5.2.2 The Head of Democracy and Governance comments that whilst Council has to have regard to the views of the IMRP when setting members allowances it is free to decide what levels of allowance it wishes to set. Under the Council’s code of conduct members are permitted to vote on their own allowances despite these being a pecuniary interest.

5.3 **Equalities/Human Rights**

5.3.1 As required by the regulations councillors should have regard to the recommendations of the IMRP. The basic allowance must be the same for all members. Council should have regard to the IMRP’s recommendations in establishing an allowance scheme which does not deter people from standing for office and recognises the commitment and responsibility of councillors.

5.4	Staffing
5.4.1	None
5.5	Accommodation
5.5.1	None
5.6	Community Safety/Crime and Disorder
5.6.1	None
5.7	Sustainability
5.7.1	None

Appendices

Appendix A – Current Scheme of Members Remuneration

Appendix B – IMRP report 2017

Appendix C – draft dependency allowance scheme

Background Papers

The following background papers were used in the preparation of this report. If you wish to inspect or take copies of the background papers, please contact the officer named on the front page of the report.

- Report of IMRP 2000
- Council report January 2014
- Local Authority Regulations 2003

File Reference

- None