

**COPELAND BOROUGH COUNCIL**  
**INDEPENDENT REMUNERATION PANEL**  
**REPORT FOR FINANCIAL YEAR 2015/16**

## EXECUTIVE SUMMARY

The recommendations of the Independent Remuneration Panel are:

- The IRP will return annually to review allowances as the maturity of the local authority organisation increases
- Basic Allowance – 1% increase for 2015/16 (£3,093.87).
- Elected Mayor Salary – Indicative salary of £50,000.00 for elected Mayor.
- Special Responsibility Allowance(s)
  - Deputy Mayor allowance of £15,000.00. No opportunity to accrue additional special responsibility allowances as part of the executive, regardless of portfolio holding.
  - A pot of £38,152.08 for the executive membership responsible for portfolios; the terms of division to be determined.
  - Group leaders – sliding scale dependant upon group size:
    - 5 - 9 members £2,000.00
    - 10 - 14 members £3,000.00
    - 15 or more members £4,000.00
  - Chair of Audit & Governance committee - £400.00
  - Chair of Council (formerly the civic mayor) £2,000.00
  - Deputy Chair of Council (formerly deputy mayor) £500.00
- Travel and Subsistence
  - Allowances in accordance with HMRC guidelines for mileage rates, with the exception of passengers (no claim for passengers).
  - A breakfast allowance of £5.00 taken before 1100hrs.
  - A lunch allowance of £7.00 taken between 1200hrs and 1400hrs.
  - A tea allowance of £2.00 taken between 1500hrs and 1800hrs.
  - An evening meal allowance of £ 10.00 taken after 1900hrs.
  - Absent overnight from their usual place of residence, an upper limit of £100.00 be payable and when a member is absent overnight in London or attending an annual conference of a Local Government Association (LGA) the upper limit be increased to £115.00.
  - Conference allowance of £32.00 to be withdrawn.
- Children and Dependants Allowance - Provided at 100% of cost, weekly cap of 8 hours care per week.
- Pension Arrangements - No member pension scheme to be established.
- Co-optees Allowance – No co-optees allowance to be considered.
- Allowances (verbatim to the recommendations) may be backdated, although it is not expected this will need to be the case.

## INTRODUCTION

1. The Independent Remuneration Panel (IRP) undertook a sequence of meetings over several months to compile the content of this report. Meetings were held on:

Fri 5<sup>th</sup> December 2014  
Tuesday 6<sup>th</sup> January 2015  
Monday 12<sup>th</sup> January 2015  
Tuesday 20<sup>th</sup> January 2015  
Tuesday 27<sup>th</sup> January 2015  
Thursday 5<sup>th</sup> February 2015  
Tuesday 10<sup>th</sup> February 2015 – Meeting with Members Remuneration Panel (draft report)

2. The appointment of an IRP is a requirement of the Local Authorities (Members' Allowances) (England) Regulations 2003. Interviews for the post of IRP member were undertaken by a panel comprising

members of the Member Allowances Working Group and senior officers during October 2014 with appointments being made at the end of November 2014.

3. The IRP consists of 3 independent individuals; Mr Richard Askew, Mr Phil Robinson and Mr Keith Teasdale.

4. The role of the IRP is to make recommendations in relation to

- 4.1.1. The amount of basic allowance that should be paid to elected members;
- 4.1.2. An indicative salary for the directly elected Mayor of Copeland;
- 4.1.3. The duties or responsibilities which should lead to the payment of a special responsibility allowance and the amount of such allowance(s);
- 4.1.4. The duties for which a travelling and subsistence allowance can be paid and as to the amount of such allowance(s);
- 4.1.5. Co-optees' allowance;
- 4.1.6. Whether the Councils allowances scheme should include an allowance in respect of the expenses for arranging for the care of children and dependants and, if it does make such a recommendation, the amount of any such allowance and the means by which it is determined;
- 4.1.7. Whether any allowance should be backdated to the beginning of the financial year in the event of the scheme being amended;
- 4.1.8. Whether annual adjustments of allowance levels may be made by reference to an index and, if so, for how long such a measure should run;
- 4.1.9. Which members of the Council are entitled to pensions, in accordance with a scheme made under Section 7 of the Superannuation Act 1972;
- 4.1.10. Whether basic allowance and special responsibility allowance should be treated as amounts in respect of which pensions are payable.

5. The requirement to recommend an indicative salary for the post of elected Mayor of Copeland is out with the requirements of the Local Authorities (Members' Allowances) (England) Regulations 2003.

## **SCOPE OF THE REQUIREMENTS**

6. In presenting the content of this report, the IRP recognises that the forthcoming financial year and indeed subsequent years will present new challenges and a move into unfamiliar territory for Copeland Borough Council (CBC). Although not unique within local authorities it is recognised that the new arrangements are only broadly comparable with a few other authorities. Because of these changes the IRP found it particularly challenging to determine appropriate allowances, when the elected mayor was not in place and hence no definition of the organisation and alignment to portfolios was apparent. In light of these challenges the panel determined that it would be prudent to choose not to align outyear allowance awards with indexation tariffs, and would therefore **recommend that they return annually to review allowances as the maturity of the local authority organisation increases. 4.1.8**

### **BASIC ALLOWANCE 4.1.1**

7. Basic allowance is provided as recognition of the time and incidental costs expended by councillors in the undertaking of their council duties. It is a *statutory* flat rate payment applicable to all councillors and as such cannot be awarded in part, nor can it vary between councillors, irrespective of the contributions made. It should also be noted that the allowance recognises that some part of the time a councillor spends in fulfilling their duties is voluntary.

8. The panel noted that the current basic allowance for 2014/15 has remained at the same monetary value since 2008/09. Whilst recognising that the central government financial constraints have significantly affected CBC budget allocations over previous years, and hence placed a greater accountability on local authorities to fund statutory and discretionary schemes prudently, the panel feels that the freezing of the

basic allowance for the last 7 years has clearly demonstrated CBCs commitment in making a contribution to those financial constraints<sup>1</sup>.

9. The panel recognised that the current annual consumer price index is 1.9% and considered an increase in the basic allowance by this value. It recognised that compounded Consumer Price Index (CPI) increases since 2008 (when the basic allowance was the same as 2014/15) would have given a significant percentage point increase. It was clear to the IRP that an award reflecting movement at CPI levels would be unsustainable for a local authority experiencing challenging financial targets and could not recommend on this basis.

10. The panel considered a principle of linking an hourly rate of allowance to average hours spent per annum fulfilling the role of councillor. In consideration of this principle the IRP spoke to 2 councillors, Mr Graham Sunderland and Mr John Bowman, in order to understand the typical duties undertaken and to obtain an indication of what the typical average hours spent per week are. It became clear to the IRP that to link basic allowance to an hourly rate would not be a practicable principle, as it becomes meaningless when trying to compare to a salaried rate of pay, and the expectation that part of the time spent carrying out duties is voluntary.

11. The IRP would like to extend their thanks to Mr Sunderland and Mr Bowman for their clear and helpful considerations.

12. The IRP recognises that public sector pay increases have remained low against inflation since 2008 and that, in light of the current public sector pay awards, the panel recommends that an award should be made that is both balanced and commensurate with comparable public sector awards.

13. **The panel recommends that an increase of 1 percentage point is applied to the basic allowance, resulting in an annual allowance of £3,093.87.**

#### **SALARY FOR THE ELECTED MAYOR OF COPELAND (AND DEPUTY) 4.1.2**

14. The IRP has found it particularly difficult to reach a consensus regarding the payment of a salary to an elected mayor. This has been, in no small part, as a result of a lack of comparative data from which to assess. The recommending of an indicative salary has been determined to be the most appropriate outcome, leaving the final decision on actual declared salary to the Executive committee.

15. It is clear that the elected Mayor salary is necessarily an addition to the council's budget, which in light of the current financial constraints, needs to be commensurate with the expectations of the role. The IRP implicitly requires that they take the opportunity, prior to the financial year 2016/17, to review the salary (as part of a wider review of allowances) and ensure that the subsequent year salary is appropriate.

16. Part of the difficulty in determining an appropriate salary is in the context of who has portfolio accountabilities. The IRP recognises that the accountability for portfolios within the 2014/15 financial year is spread across a leader of the council and the executive council members. In determining the elected mayor salary it has been necessary to consider the portfolio accountabilities and their associated special responsibility allowances, and the additional or expectant duties of the mayor as the 'face' of the council. The IRP received information regarding the salary of the elected mayors of Mansfield District Council and Watford Borough Council, and this provided them with a benchmark to assist them in their work.

17. The IRP wishes to thank the Leader of the Council for taking the time to speak with the panel and provide insight into the workings of the executive and the possible impacts related to an elected mayor.

18. **The IRP recommends that the indicative salary for the elected mayor be £50,000.00 per annum.**

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<sup>1</sup> Copeland Borough Councils basic allowance is the second lowest within all the Cumbrian local authorities.

19. The IRP recommends that the **allowance for the deputy elected mayor be £15,000.00 per annum**. Additionally, the IRP recommends that the deputy elected mayor will be limited to this special responsibility allowance only, regardless of the division of portfolio accountabilities, and as such is not entitled to any part of the executive member's pot.

#### **SPECIAL RESPONSIBILITY ALLOWANCE(S) 4.1.3**

20. The IRP reviewed the existing Special Responsibility Allowance (SRA) for executive members in relation to other local authorities within Cumbria and noted that they were amongst the highest. However the IRP believes that this SRA is at the very core of executive decision making for the Council and as such is satisfied that the payments are commensurate with the roles involved.

21. The IRP recommends that **a pot of £38,152.08 be provided for executive members**, and that this pot is divided amongst executive members according to the quantity and accountability of the determined individual portfolios. This figure has been derived on the basis of 6 x portfolios (each of £6,358.68) in line with the Councils current division of portfolios. This allowance is independent of the elected mayor salary, and it is not expected that the mayor take any part of this allowance. Equally the deputy elected mayor is not entitled to take any part of this allowance.

22. In considering the SRA payable to the Leader of the Opposition group, the IRP noted that the current payment was the largest of all local authorities in Cumbria. The IRP was unable to find a convincing argument as to why this has historically been set at this level. In view of the changing circumstances at CBC, and the potential that there may be several political groups involved, the IRP recommends that a sliding scale allowance be provided for the group leader of each and every group established, under the following conditions:

22.1.	5 – 9 members	£2,000.00
22.2.	10-14 members	£3,000.00
22.3.	15 or more members	£4,000.00

23. Chairmanship roles presented a significant challenge to the IRP in understanding the current position whereby very few chairmanship roles are provided an allowance. This is a significant departure from other local authorities within Cumbria, and the IRP were unable to find a convincing argument to support this position. The IRP wishes to gain a better understanding of the roles and responsibilities of the chairmanship roles within CBC prior to the review that they intend to carry out for the 2016/17 allowances.

24. Notwithstanding the above, the IRP accepts that the chairmanship of the Audit & Governance Committee is provided independently and as such feels it is appropriate to maintain this allowance despite not having a detailed understanding of the accountabilities of the role. The IRP therefore recommends that an **allowance of £400.00 be provided for the role of Chairman of the Audit and Governance Committee**.

#### **TRAVEL AND SUBSISTENCE ALLOWANCES 4.1.4**

25. The IRP made reference to schedule 1 of the Scheme of Members Allowances in understanding the current allowances. In addition the IRP used the current HMRC (13th June 2013) mileage and fuel allowances data<sup>2</sup> to aid in forming a recommendation.

26. The IRP noted that the current allowances for motor vehicles and motorcycles were included within the schedule, but that no allowances were defined to cover cycle transportation or passengers claims, and that there was no sliding scale of allowance based upon the amount of miles travelled during the financial year.

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<sup>2</sup> Refer to [www.gov.uk/expenses-and-benefits-business-travel-mileage/rules-for-tax](http://www.gov.uk/expenses-and-benefits-business-travel-mileage/rules-for-tax)

27. **The IRP recommends that the mileage allowances defined by the HMRC are adopted by the local authority and should be adjusted if the HMRC rates change within the financial year 2015/16, and as such are:**

	First 10,000 business miles in the tax year	Each business mile over 10,000 in the tax year
Cars and vans	45p	25p
Motor cycles	24p	24p
Bicycles	20p	20p

28. **The IRP also recommends that no allowance is made for passengers.**

29. By following the HMRC guidelines, it is likely to make reporting for individual income tax purposes more straightforward.

30. Private vehicles must have the appropriate business use insurance cover in order for a travel mileage claim to be paid.

31. The IRP believes that the use of public transport systems should be utilised *as far as is reasonably practicable* in the execution of the members' duties. Where public transport presents the most economically advantageous mode of transport the scheme should make provision to allow for this.

32. In recommending subsistence rates, the IRP considered what were deemed to be reasonable costs associated with subsistence whilst undertaking member activities. The IRP accepts that there is significant variation in the costs that may be incurred for subsistence. The IRP believes that the key principle in setting subsistence rates should be that they should be commensurate with what a member of the public would expect to pay.

33. Where any form of subsistence is provided free of charge, then there is no basis for a claim.

34. Claims for subsistence must always be supported by a receipt for the transaction, and the local authority should support payment up to the following limits:

34.1. A breakfast allowance of £5.00 taken before 1100hrs (where a member is absent from home for more than 4 hours before 1100hrs).

34.2. A lunch allowance of £7.00 taken between 1200hrs and 1400hrs (where a member is absent from home for more than 4 hours including the period between 1200hrs and 1400hrs).

34.3. A tea allowance of £2.00 taken between 1500hrs and 1800hrs (where a member is absent from home for more than 4 hours including the period between 1500hrs and 1800hrs).

34.4. An evening meal allowance of £ 10.00 taken after 1900hrs (where a member is absent from home for more than 4 hours ending after 1900hrs).

35. Note that these allowances are upper limits, and therefore qualifying, receipted claims of a lower value will be reimbursed at the receipted value, not the upper limit. Conversely, receipted claims in excess of the upper limit will be reimbursed to the upper limit value only.

36. In qualifying for these allowances, a member must be actively engaged in travelling to/from council duties, or be in attendance on active council duties at a place other than the Copeland Centre, Whitehaven

37. If public transport reduces the scope of choice for which meal allowances are provided, for example whilst travelling on the rail network, then receipted claims above the meal allowances set above should be reimbursed.

38. The IRP also recommends that where a member is **absent overnight from their usual place of residence, an upper limit of £100.00 be payable and when a member is absent overnight in London or attending an annual conference of a Local Government Association (LGA) the upper limit be increased to £115.00**

39. In recommending these allowances, the IRP recognises that there is significant variability in the cost of overnight accommodation, depending upon seasonal activity, location and standard. This allowance must be supported by qualifying, receipted claims and will be reimbursed in the same manner as the meal allowances stated above.

40. The IRP is keen to ensure that members are not disadvantaged whilst absent overnight, and believe these allowances reflect fair and reasonable costs of subsistence. However, the IRP also wishes to ensure that claims for subsistence are linearly applied and therefore if an overnight absence is reimbursed and includes elements of meal allowance within it (hotel with evening meal and breakfast included in the price) then it is not reasonable to claim for those meal allowances also. By providing receipts for all allowance claims the local authority will be able to transparently apply its allowance scheme.

41. In determining the conference allowance, the IRP saw no reason to provide further reimbursement over and above meal allowance and overnight subsistence allowances. **Therefore the IRP recommends that the conference allowance of £32.00 be withdrawn.**

#### **CHILDREN AND DEPENDANTS ALLOWANCES 4.1.6**

42. Within the Cumbrian local authorities there is considerable variation with respect to childcare and dependant care allowances<sup>3</sup>. The IRP believes that child care and/or dependant care issues should not be a barrier to becoming a councillor and providing a productive, successful and rewarding service within that role.

43. However the IRP also accepts that due to the reasonably standard and regular nature of local authority meetings and activities, where a large proportion of meetings are scheduled well in advance, the need to fund childcare and dependant costs for protracted periods of time can be mitigated by an individual, and therefore any costs incurred should be irregular and infrequent.

44. The IRP recommends that claims for **child care and dependant care are provided at 100% of cost**, and that these costs must be supported by qualifying receipts. In addition, the IRP recommends that a **weekly cap of 8 hours care per week only be reimbursed.**

45. Claimants for child care must demonstrate that the child care is being provided through a registered child care network (registered childcare workers who are immediate family members do not qualify) and for dependant care that the claimant is in receipt of carers allowance for the individual concerned.

#### **PENSION ARRANGEMENTS 4.1.9**

46. The current pension scheme administered by the local authority is for employees only<sup>4</sup> and to establish a scheme for members would be likely to incur significant costs to the local authority to set up and administer. The IRP would be concerned in recommending a pension scheme at this point due to the level of uncertainty and change expected during 2015/16, and the lack of a cost benefit analysis to underpin a positive decision in favour of a new scheme.

47. The IRP recommends that **no member pension scheme is established.**

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<sup>3</sup> Hourly rates range from £3.00 to uncapped receipted cost per hour, and annual limits range from £1,250.00 to uncapped. Copeland Borough Council is the only local authority to apply a percentage cap/weekly hours cap, and no authority makes a distinction between child care and dependant care costs.

<sup>4</sup> No other Cumbrian local authorities have member pension schemes.

#### **BACKDATING OF ALLOWANCES 4.1.7**

48. The recommendations herein are determined to take effect for the financial year 2015/16 and are not intended to be retrospective for 2014/15 or any other year. They are also intended only to apply for the 2015/16 year, as it is the intention of the IRP to review performance against the recommendations prior to making recommendations for 2016/17 and onward.

49. Should the recommendations not be in force at the start of financial year 2015/16 for whatever reason, it is reasonable to **apply them retrospectively to the start of the financial year, where the conditions and requirements of the allowances apply.**

50. If the recommended allowances stated in this recommendations report are not accepted and enacted as defined herein, then the recommendation on whether allowances can be backdated also cannot be accepted and enacted.

#### **CO-OPTEE'S ALLOWANCE 4.1.5**

51. There are currently no co-optees within Copeland Borough Council and therefore the IRP recommends that **no provision is made for a co-optees allowance.**

#### **RENUNCIATION OF ALLOWANCES**

52. A councillor may by notice in writing given to the proper officer of the authority, elect to forego any part of his or her entitlement to an allowance under this scheme.

#### **PART YEAR SERVICE**

53. Where the term of office of a member begins or ends otherwise than at the beginning or end of a financial year, their entitlement shall be to payment of such part of the basic allowance, special responsibility allowance and co-optees allowance as bears to the whole the same proportion as the number of days during which their term of office as member subsists to the number of days in that year.

#### **MEMBERSHIP OF OTHER AUTHORITIES**

54. Where a member of an authority is a member of another authority also, the member shall not receive allowances from more than one authority in respect of the same duties.

#### **CLAIMS AND PAYMENTS**

55. Claims for dependants' carers allowance, travel and subsistence allowances and co-optees allowances shall be made by the claimant within 90 days of their entitlement to the claim.

#### **GENERAL NOTES**

56. The IRP was keen to ensure that any changes in the allowances were broadly comparable with previous years, in terms of the *allowances* budget as a percentage of the original net budget. The IRP can confirm that this year's recommendations are broadly comparable with recent years<sup>5</sup>.

57. As a closing statement, the IRP would like to in particular thank Mrs James and Mrs Tomlinson for their assistance in providing information, guidance and support to the production of this report.

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<sup>5</sup> Allowance as a percentage of original net budget: 1.9% (2011/12), 2.4% (2012/13), 2.4% (2013/14), 2.2% (2014/15) and 2.4% (2015/16)(against a Revenue Budget proposal, not yet approved).