

REPORT REFERENCE NO.	DSFRA/15/29
MEETING	DEVON & SOMERSET FIRE & RESCUE AUTHORITY
DATE OF MEETING	14 DECEMBER 2015
SUBJECT OF REPORT	DEVON & SOMERSET FIRE & RESCUE AUTHORITY APPROVED SCHEME OF MEMBERS ALLOWANCES 2016-17
LEAD OFFICER	Director of Corporate Services
RECOMMENDATIONS	<p>(a) That the contents of this report be considered alongside the report and recommendations of the independent Advisor (as appended) and with a view to determining the Allowances Scheme to operate from 1 April 2016 for the 2016-17 financial year;</p> <p>(b) that, following from (a) above and in accordance with the requirements of the relevant Regulations, the Clerk to the Authority be authorised:</p> <p>(i) to arrange for publication as soon as possible of those rates agreed in relation to Basic and Special Responsibility Allowances;</p> <p>(ii) to amend the Authority Approved Scheme of Members Allowances to reflect, where required, decisions taken at (a) above.</p>
EXECUTIVE SUMMARY	<p>Regulations require the Authority to determine, prior to the start each financial year, basic and special responsibility allowances, together with levels for reimbursement of travel and subsistence expenses to Members. The Regulations also provide that, where an automatic uprating methodology is used, this should only apply for a maximum period of four years pending a more substantive review.</p> <p>While this Authority is not required to have its own Independent Remunerations Panel, it is required to “have regard to” recommendations made by the Independent Remuneration Panels of constituent authorities in relation to the level of allowances payable by those authorities.</p> <p>The Authority’s Allowances Scheme was last subject to a substantive review, undertaken by an independent Advisor, in 2012. Consequently, when setting the Scheme to operate for the current (2015-16 financial year), the Authority authorised the Director of Corporate Services, to commission an independent review to inform setting the scheme for the forthcoming (2016-17) and subsequent financial years.</p> <p>A copy of the Independent Advisor’s report is now duly appended to this paper for consideration.</p>

RESOURCE IMPLICATIONS	As indicated in the appended report of the Independent Advisor.
EQUALITY RISKS AND BENEFITS ANALYSIS (ERBA)	The contents of this report are considered compatible with existing equalities and human rights legislation.
APPENDICES	A. Report and recommendations of Independent Advisor.
LIST OF BACKGROUND PAPERS	The Local Authorities (Members Allowances) (England) Regulations 2003.

1. BACKGROUND - LEGISLATIVE FRAMEWORK AND REVIEW PROCESS

- 1.1 Regulations require the Authority to determine, prior to the start each financial year, Basic (payable at the same rate to all Members) and Special Responsibility Allowances, together with levels for reimbursement of travel and subsistence expenses to Members. The Regulations also provide that, where an automatic uprating methodology is used, this should only apply for a maximum period of four years pending a more substantive review.
- 1.2 While this Authority is not required to have its own Independent Remunerations Panel, it is required to “have regard to” recommendations made by the Independent Remuneration Panels of constituent authorities in relation to the level of allowances payable by those authorities.
- 1.3 This Authority’s Approved Scheme of Members Allowances was last reviewed substantially by an Independent Advisor in 2012. At that time it was considered appropriate to use the services of an Independent Advisor given the sensitivity of this issue and in-keeping with a desire to reflect the impartiality, objectivity and transparency of the arrangements applying to other public authorities.
- 1.4 Applying this rationale again and in line with the decision of the Authority in February of this year, Ms. Bryony Houlden was appointed, following a quotation exercise, to review the allowances scheme in sufficient time to inform its setting for the 2016-17 and subsequent financial years. Ms. Houlden is currently Chief Executive of South West Councils. She chairs the Independent Remuneration Panel for Torbay Council, sits on the Panel for Devon County Council and has previously belonged to other Panels. Ms. Houlden also undertook the last substantive review for the Authority in 2012.
- 1.5 A copy of Ms. Houlden’s review, including proposals as to allowances to be paid, is appended to this report. Ms. Houlden has been invited to attend the meeting for this item to address any issues Members may wish to raise in relation to the review and subsequent report as appended to this paper.
- 1.6 Financial provision to meet any proposals on Members’ Allowances agreed by the Authority for the forthcoming financial year will be included in the draft revenue budget for 2016-17 to be presented to the Authority’s budget setting meeting scheduled for 19 February 2016.

MIKE PEARSON
Director of Corporate Services



INDEPENDENT REVIEW

**DEVON AND SOMERSET FIRE AND
RESCUE AUTHORITY MEMBERS'
ALLOWANCES SCHEME**

December 2015

EXECUTIVE SUMMARY

Devon and Somerset Fire and Rescue Authority (“the Authority”) commissioned an Independent Review of their Allowances Scheme following the last review in 2012. In the period between the previous review in 2008 and the 2012 review Members had decided to freeze the level of Allowances reflecting the difficult economic climate and funding pressures. The 2012 review recommended an increase to redress the situation that had developed and place the Authority Allowances back into a closer alignment with the level of allowances across other fire and rescue authorities, the majority of the recommendations were accepted by Members and the allowances scheme was changed as a result.

The financial pressures on fire and rescue authorities have continued through the period since the last review and look set to continue further. Members will wish to take this into account in considering the recommendations in this report. It is not the role of the Independent Advisor to consider these budgetary pressures.

The recommendations are outlined below, some minor changes are recommended but it is suggested that none of these are significant recognising that the changes following the last review brought the Authority into better alignment with other fire and rescue authorities across the country.

Recommendations:

- (i) The Basic Allowance be set at £2,600;**
- (ii) The multiplier for the Authority Chair’s Special Responsibility Allowance remain at 5x the Basic Allowance. The Authority Chairs allowance therefore be set at £13,000 (assuming the increase in Basic Allowance proposed);**
- (iii) The Authority Vice-Chair’s Special Responsibility Allowance be set at 2.5x the Basic Allowance at £6,500;**
- (iv) The Committee Chairs Special Responsibility Allowance be set at 1.5x the Basic Allowance at £3,900;**
- (v) For avoidance of doubt whilst it appears extremely unlikely the Commercial Services Committee will continue should it do so in some reduced capacity then no Special Responsibility Allowance should be paid except to the Chair as per iv above;**

- (vi) If, as appears extremely likely, the Authority’s key oversight and strategic role on Red One Ltd moves to be exercised by up to 3 non-executive directors placed on the Board from the Authority, these non-executive directors should receive a Special Responsibility Allowance set at 1.5x the Basic Allowance at £3,900. This should be subject to early review given the uncertainty around the demands of the role. At the moment the recommendation is based on a comparison with the Committee Chair and former level of responsibility exercised by the Commercial Services Committee but it is difficult to estimate at this stage so may well be not a fair reflection of the demands of the role;**
- (vii) The Authority should adopt the clear guiding principle that no Member should be allowed to receive more than one Special Responsibility Allowance;**
- (viii) However, whilst vii above should be the normal principle it is clearly vital to get the right people for the non-executive director roles on Red One Ltd and it may be that these hold other roles. Exceptionally I am therefore recommending that the roles on Red One Ltd be excluded from this restriction as that role requires Members to take on specific legal responsibilities. In that case any Member appointed to the role of non-executive director and already in receipt of a Special Responsibility Allowance for another post may claim 50% of the Special Responsibility Allowance attaching to the non-executive director role but no other additional Special Responsibility Allowances in whole or part. This policy should be re-considered in light of experience, reflecting on the fact that it is rare to find allowance schemes with such provision - given particularly the concern that Members taking on multiple roles will not have the capacity to fulfil them effectively;**
- (ix) In light of concerns about capacity to undertake the non-executive director role I recommend that the Board Independent Chair be invited to assess this as part of his review of candidates to recommend to the Authority to appoint;**
- (x) In relation to the non-executive director roles on Red One I am recommending that either Red One Ltd. or the Authority make arrangements to identify appropriate Director’s liability insurance and meet any costs associated with this on behalf of the Members undertaking the non-executive director roles (my expectation is that the Authority would similarly meet insurance costs for officers on the Board);**
- (xi) Uprating of allowances be linked to any annual increase agreed by the National Joint Council for Local Government Services, but that this uprating only be applied from 1 April 2017 onwards;**

- (xii) Travel rates should be linked to the rates published by Her Majesty's Revenue and Customs (HMRC) and amended accordingly;**
- (xiii) Subsistence be linked to the employee scheme and updated accordingly;**
- (xiv) The Authority should continue to provide development support to Members;**
- (xv) That Members should consider a more detailed review, in advance of the normal 4 yearly reassessment, of the relative levels of responsibility, accountability, time and effort in the key roles attracting Special Responsibility Allowances in particular:**
 - i. the relative levels of responsibility of the Chair and Vice Chair;**
 - ii. the roles and responsibilities of Chairs of Committee to consider the possibility of differential rates applying to different Committees;**
 - iii. The exact nature of the non-executive director role on Red One Ltd.**

1. Introduction

- 1.1. Devon and Somerset Fire and Rescue Authority (the Authority) is a body corporate and as such is required to have a scheme of allowances. These Allowances are set under *The Local Authorities (Members' Allowances) (England) Regulations 2003*. In setting the level of Allowances the Authority has to have regard to the recommendations made by any Independent Remuneration Panel in relation to any local authority that nominates Members to the Authority. Fire and rescue authorities are not required to set up their own Independent Remuneration Panel but may conclude that some external, independent advice is appropriate. This Authority decided to appoint an Advisor to undertake a review. The Advisor and author of this report, Bryony Houlden, is Chief Executive of South West Councils. The author is also currently Chair of the Torbay Independent Remuneration Panel, is a member of the Devon County Council Panel and has previously belonged to other Panels. Her organisation provides training to Independent Panels and regularly collects and produces comparator information on allowances across the South West for the use of Panels and authorities. She undertook the last review in 2011-12.
- 1.2. The Authority merged in April 2007 and the first review of allowances following the merger took place in 2008. Uprating of the scheme was linked to the Local Government Association's Annual Survey of Hours and Earnings although Members did not take an increase in allowances between that period and the 2012 review. The 2012 review recommended that Members consider a number of substantial changes to the allowances scheme whilst taking account of the financial climate, an issue for the members to judge not the Advisor. The 2012 review recommended that the allowance scheme be linked to the National Joint Council for Local Government Services, a recommendation which was accepted. The National Joint Council increases agreed nationally have been as set out below and as a result the Basic Allowance has risen from £2,500 to its current level of £2,581

Year	Headline Award
1 Apr 12	0%
1 Apr 13	1.00%
1 Jan 2015 (to cover period to 31 March 2016)	2.20%

- 1.3. The Authority has now requested a further review of the allowances scheme recognising that the Regulations specify that adjustments of allowances must not rely on an index for longer than four years before seeking future recommendations.

- 1.4. In developing the recommendations the Advisor was helped by input from Members. Some Members submitted questionnaires, one was interviewed and the Advisor met some of the members of the Commercial Services Committee as part of the process.
- 1.5. In preparing this report the Advisor was supported by officers who provided factual advice and information. The Advisor was very grateful for this excellent and helpful support which she found extremely useful and saved considerable time in undertaking the review.

2. Background

- 2.1. The Authority is the largest non-metropolitan fire and rescue service in the UK and is based in the South West:
 - The annual budget has been reducing and is now £75m [drawn from Government Grant, income from fees and charges and Council Tax];
 - 2300 staff;
 - Operates 85 fire stations, of which 67 are retained, the largest number in England;
 - Operates 178 fire appliances and special vehicles;
 - Operates two training facilities (one shared facility at Avonmouth);
 - Covers a population of 1.7m.
- 2.2. The Authority is currently led by 24 elected Members drawn from the four constituent local authorities – Devon County Council, Somerset County Council, Plymouth City Council and Torbay Council. Members set the strategic direction, set and oversee the budget and ensure the delivery of the overall objectives. The full Authority usually meets seven times a year.
- 2.3. The Authority has established the following structure to support the full membership of the Authority:
 - Resources Committee
 - Community Safety and Corporate Planning Committee
 - Audit and Performance Review Committee
 - Human Resources Management and Development Committee
 - Commercial Services Committee
 - Determinations and Dispensations Committee (NOTE: this Committee was established to discharge Member conduct issues following the changes introduced by the Localism Act 2011. It is intended to meet only as and when required and to date there have been no issues requiring a meeting to be held)

There is also an advisory group with no delegated powers: The Capital Programme Working Party.

- 2.4. Since the last full review there has been continued change across the public sector and within fire and rescue authorities. Budgets have continued to be under severe pressure, and this looks set to continue with early indications of a 30% cut within the Department for Communities and Local Government (DCLG) the sponsor department. Fire and rescue authorities have been given new opportunities as well as challenges through the Localism Act general power linked to their functions which may enable a more innovative approach to delivery. The Authority has been proactive in endeavouring to meet the challenges of the changes to the economic situation by improving efficiency, reducing costs and generating income. The commitment to looking at new ways of generating income led to the setting up of a Commercial Services Committee in July 2011 particularly tasked to oversee the contract with Red One Ltd, the delivery arm of the Authority's commercial trading activities. At the time of drafting this review report, the author has been advised that governance arrangements for commercial activities are currently under review. This has already led to the appointment of an independent non-executive director (currently not remunerated) to serve as Chair of the Board of Red One Ltd. It is also understood that further governance revisions may see the abolition of the Commercial Services Committee with, instead, Authority Members appointed as non-executive directors on the Board of Red One Ltd. Should these changes take place, then the Authority may wish to consider whether it would wish a Special Responsibility Allowance to attract to the position of Authority-appointed non-executive director and the level of such an Special Responsibility Allowance is addressed later in this report.
- 2.5. Since the last review the Standards Committee has been abolished in line with the change in government policy.

3. Purpose

- 4.1. The purpose of this review is to provide recommendations (together with the rationale for those recommendations) covering the following issues:
- The level of the Basic Allowance for 2016/17;
 - The level and number of Special Responsibility Allowances (Special Responsibility Allowances) for 2016/17;
 - An appropriate mechanism for annual uprating of the Basic and Special Responsibility Allowances from 2017 onwards; and
 - The level of travel and subsistence reimbursement from April 2016 together with an appropriate mechanism for uprating.

4. Methodology

- 5.1. In producing the report the Advisor has considered:
- i. The Local Authorities (Members' Allowances) Regulations 2003 and the Guidance issued by the Department for Communities and Local Government;

- ii. The current allowances scheme and the previous independent reports produced in 2008 and 2012;
- iii. Data on meeting attendance and travel time for the last twelve months together with evidence obtained directly from Members all of whom were invited to complete a contact time questionnaire and which 4 members completed. Members were also given the opportunity to speak to the independent Advisor (one Member took the opportunity to do) and the Advisor also attended a meeting with the Chair, Chief Fire Officer and members of the Commercial Services Committee about the future plans for Red One;
- iv. The Authority's Creating Safer Communities Plan 2015- 2020;
- v. Terms of Reference of Committee, Working Parties etc;
- vi. The allowances schemes for the constituent authorities: Devon County Council, Somerset County Council, Plymouth City Council and Torbay Council;
- vii. Benchmark data on current fire and rescue Authority allowances schemes across England;
- viii. The Practical Guide on Allowances produced by SW Councils in 2010;
- ix. The Report to the DSFRA on Governance of commercial activities 29 July 2015;
- x. The Report by Bevan Brittan on Non-executive directors alongside a factsheet on non-executive directors from the Institute of Directors; and
- xi. The Local Authorities (companies) Order 1995.

5. Basic Allowance

- 5.1. The current Basic Allowance from 1 April 2015 is set at: £2,581.
- 5.2. As set out in the Guidance (referred to at 4.1 (i) above) the Basic Allowance is intended to:
 - “ recognise the time commitment of all councillors, including such inevitable call on their time as meetings with officers and constituents and attendance at political group meetings. It is also intended to cover incidental costs such as the use of their homes”. The Basic Allowance paid “must be the same for each councillor” and it cannot be based on measures such as attendance at meetings.
- 5.3. In setting the level of allowances the Guidance suggests considering the rate at which, and the number of hours for which, councillors ought to be remunerated – with an important emphasis on some element of the work continuing to be voluntary – the “public sector ethos”. This “public sector ethos” has to be balanced against encouraging participation and ensuring that financial loss is not suffered. There is no set amount recommended for the “public sector “ element – in the previous Report setting the current allowances a 30% figure was used and it is proposed to continue using this assumption.

- 5.4. As part of the review Members were invited to record a contact time log in relation to the Basic Allowance (excluding meeting attendance and travel times, for which data covering the last twelve months was provided). 4 Members completed this log, with the returns showing a high variation in the amount of time spent on the “basic” duties. In light of this variation, officers applied a median of this “other” contact time to all Members and then used this , along with the information on meeting attendance and average travel time to produce a figure for the annual average amount of days involvement by Members in basic duties. The average number of days spent was recorded via this method as 14.36 days a year (based on a 7.5hour day).
- 5.5. In the previous review a number of options were considered in reaching a conclusion about the methodology for setting the Basic Allowance. These included using the current daily rate as advised by the Local Government Association, this has just been reviewed and set at £300. Applying this to the average number of days as set out above after deducting a public service element of 30%, would produce a figure for the Basic Allowance of £3,016
- 5.6. Another approach is to consider benchmark data. This can be done in two ways. First the benchmark information from constituent authorities. The Basic Allowance in the four constituent authorities range from £8,167 to £10,970 with an average £10,002 (Devon and Torbay are both currently under review). The Guidance does not specifically suggest that this is an appropriate benchmark group given the different nature of the activities and business but it is a useful background figure –and as all the Members of the Authority will be in receipt of one of these Allowances it sets further context.
- 5.7. The other benchmark data is from other combinon-executive director fire and rescue authorities. Data obtainon-executive director by officers for such authorities in 2015 shows a range of Basic Allowances from £1,158 - £4,457, with the average Basic Allowance being £2,568 and the median £2,666 (both figures are lower than the equivalent figures obtainon-executive director at the time of the 2012 review).
- 5.8. If different benchmark groups are taken from within the whole fire and rescue authority data set there are other permutations. First, a geographic benchmarking group from the “South West”: Dorset, Wiltshire and Avon and second a benchmark group of authorities with a similar sized budget and type of area: Hampshire, Kent and Essex have budgets of between £65m - £72m (website data).

Combinon-executive director Fire Authorities <small>(Includes Devon & Somerset)</small>	SW Authorities <small>(Avon, Dorset, Wiltshire)</small>	“similar sized” FRSA <small>(Hants, Kent, Essex)</small>
£2,568	£2,553	£2,914

- 5.9. This shows that the current Basic Allowance for the Authority is closely alignon-executive director with the totality of combinon-executive director fire and rescue authorities and the South West grouping. The average of the “similar size group” is 12% higher but there is a wide variation of levels of Basic Allowance: from £1,400 in Kent to £4,400 in Essex. Given this benchmarking data and the likely continued economic austerity I am recommending the Basic Allowance be increased to £2,600, or just under 1% and that this level be payable for the 2016-17 financial year. Following the increase at the last review which put the allowances back more closely in line with other authorities I consider that this figure represents a fair reflection of the role and responsibilities expected of Members
- 5.10. Whatever the level of the Basic Allowance, its payment clearly brings with it the expectation that Members will continue to put in the commitment, attending meetings and contributing to the debate and that they will be equipped to do so through support for their continuing development.

6. Special Responsibility Allowances

- 6.1. Special Responsibility Allowances are payable to those Members who have significant additional responsibilities. The Regulations stipulate the grounds upon which a Special Responsibility Allowance can be paid but do not prohibit the payment of more than one Special Responsibility Allowance to any one Member. It is often, though, the adopted practice to limit the number of Special Responsibility Allowances payable to any individual Member to one. Within the South West authorities the majority of schemes are limited to one Special Responsibility Allowance. One of the reasons may be the view that Members only have so many hours in a day so if they are taking on one demanding role in addition to that of the basic councillor responsibilities then there is limited scope to effectively undertake other roles.
- 6.2. In the case of this Authority, following the first report in 2008, there was an Authority agreed restriction that individual Members should only receive one Special Responsibility Allowance. This was amended when the Commercial Services Committee was established and Members of this Committee were all allowed to claim an allowance in addition to another Special Responsibility Allowance – to reflect increased contact time. In the 2012 review it was recommended that the Members of this Committee be allowed to claim two Special Responsibility Allowances but that other Members be only allowed one Special Responsibility Allowance. The recommendation in full was:
- Members should only be allowed to receive one Special Responsibility Allowance with the exception of Members of the Commercial Services Committee who should be allowed an Allowance for this Committee in addition to one other Special Responsibility Allowance;*
- 6.3. In considering the report Members rejected this recommendation and instead an amendment was agreed as follows :

“that Members should receive only one Special Responsibility Allowance in addition to the basic allowance, with the exception of the Authority Chairman who may receive all Special Responsibility Allowances attracting to positions to which he/she may be appointed”

- 6.4. Taking account of evidence presented including information from a number of other authorities **I am recommending a policy of allowing only one Special Responsibility Allowance per member (at the highest rate applicable), but I am once again proposing an exception in relation to the commercial activity of the Authority and the 3 Members likely to be appointed to the Board of Red One. But I believe this should be subject to early review once the position is clearer on roles and responsibilities**
- 6.5. Special Responsibility Allowances are often set by reference to the Basic Allowance with a multiplier assessed for each post which attracts a Special Responsibility Allowance. This is the approach that has previously been adopted with the multipliers noted below
- 6.6. The current scheme pays the following Special Responsibility Allowances:

Chair of the Authority (5x Basic)	£12,905
Vice Chair (2.5x Basic)	£ 6,452
Chair of Committee (1.5 x Basic)	£ 3,871
Members of the Commercial Services Committee (1.5 x Basic)	£ 3,871

- 6.7. In reaching conclusions on the way forward consideration has been given to benchmarking information. Using the information about the totality of combinon-executive director fire and rescue authorities and the same benchmark groups of similar fire and rescue authorities and the SW fire and rescue authorities provides the following data:

	Combinon-executive director Fire Authorities (Includes Devon & Somerset)	SW Authorities (Avon, Dorset, Wiltshire)	“similar sized” FRSA (Hants, Kent, Essex)
Chair: Average	£11,137	£8,262	£16,076
Vice Chair: Average	£5,431	£4,138 [average of Dorset and Wiltshire only. Avon pays no allowance]	£5,091
Committee Chair: Average	£2,788	£3,550 [Dorset figure only as others do not pay an allowance]	£6,457 [average of Hants and Kent only. Essex pays no allowance]

- 6.8. The benchmarking data shows there is considerable variation across the authorities. Although not all authorities used a multiplier approach a multiplier can be calculated against these figures which reveal a considerable range. At the extreme Kent has a very low Basic Allowance (£1,400) and a Chair's Special Responsibility Allowance which is more than 13 times the Basic at £18,360. The average multiplier for the Authority Chair's Special Responsibility Allowance is 4.86x basic; for the Authority Vice Chair this is 2.31x and for Committee Chairs 1.14x. An alternative approach to multipliers is to set the Chair or Leader's allowance and then assess other allowances in a "top down" approach. I have concluded that the multiplier remains the best approach.
- 6.9. The use of a multipliers for this Authority was continued following the last Independent Report which recommended only changes in the previous multiplier reducing the Vice Chair's multiplier from 3x to 2.5x and the Chair of Committees from 2x to 1.5x. **I am, therefore, recommending the continued use of multipliers.**

Authority Chair

- 6.10. The Authority Chair's Allowance was confirmed at a multiplier of 5x in the two previous Reviews, the evidence cited at the time included the fact that the Authority is the largest non-metropolitan fire and rescue authority.
- 6.11. Evidence suggests the role of the Authority Chair will continue to have a high level of commitment and responsibility given the current challenges – and opportunities – facing the Authority. The evidence appears to support the view about the level of responsibility and workload of the Authority Chair, it is interesting to note that at the meeting to discuss the last Review an amendment was put forward by a member (not the Authority Chair) that recommended he should be allowed to receive more than one Special Responsibility Allowance. This recommendation was supported by the Members and adopted. This perhaps suggests a general view amongst Members that the Authority Chair's allowance does not reflect the range and responsibilities associated with the role. I did not interview the Chair and have no specific evidence to recommend an increase so am recommending the retention of the current 5x multiplier. But I think there might be merit in more detailed discussion with the Chair and others about the responsibilities, accountabilities and time and effort required by the role and also how much the Vice Chair is asked to deputise
- 6.12. The benchmarking averages suggest that the Authority Chair's allowance is broadly in alignment with that of other combinon-executive director fire and rescue authorities although the averages mask a big range. All of the comparator groups of similar sized authorities have higher allowances with the Kent and Medway authority at the highest level (£18,360). However, all three SW authorities in the group have a lower level of allowance.

- 6.13. In terms of the constituent authorities I have also taken account of the current allowances paid to the Leaders of those councils which range from £25,000-£54,446 (the latter is for the Mayor).
- 6.14. Taking these considerations into account **I recommend that the multiplier for the Authority Chair remain at 5x Basic Allowance. This gives an Authority Chair's allowance of £13,000 (assuming the Basic Allowance is increased as per the recommendation above).**

Authority Vice Chair

- 6.15. As noted above the Authority Vice Chair's allowance multiplier was reduced following evidence presented at the time of the last Independent Report, particularly around the abandonment of the Regional Control Project in which the Authority Vice Chair had played an active role. Although the multiplier was reduced, a consequential effect of increasing the the Basic Allowance was to increase in real terms the Authority Vice Chair's allowance from £6,000 to £6,250.
- 6.16. In looking at benchmarking evidence, this Authority's Vice Chair allowance remains relatively high, higher than the average of all the benchmark groups and within those benchmark groups only Kent pays a higher allowance (£7,344) A future review might want to undertake a more detailed look at the relative workloads of the Authority Chair and Authority Vice Chair – neither of the current post-holders met the independent Advisor during the review so there may be additional evidence that they, or other Members, would wish to be considered in a future review.
- 6.17. Given this lack of additional data and taking account of the benchmarking data, I am minded that at this point in time to **recommend that the multiplier for the Authority Vice Chair remains unaltered at 2.5x Basic Allowance. This gives an Special Responsibility Allowance for the Authority Vice-Chair of £6,500 per annum (assuming the increase in Basic Allowance is accepted). But I believe an early review of relative responsibilities of the Chair and Vice Chair would be appropriate.**

Committee Chairs

- 6.18. There are currently five Committees with allowances payable to the Chair of the Committee:
- Commercial Services Committee
 - Resources Committee
 - Human Resources Management and Development Committee
 - Community Safety and Corporate Planning Committee
 - Audit and Performance Review Committee

- 6.19. The evidence suggests that the number and length of meetings is variable but currently each Chair receives the same allowance. At least one authority in the benchmarking group, Hampshire, pays a variable Committee Chair's allowance (ranging from £3,535 - £7,305), it might be that this is an approach that should be adopted by this Authority in due course and a future review might want to consider taking evidence from Members in more detail on this aspect.
- 6.20. Discussions about the role of Committee Chairs and their workload and level of responsibility suggested that the Authority continues to see these as delivering important ongoing roles. In recent months a new informal monthly meeting has been set up with the Chief Fire Officer, the Authority Chair and Vice Chair and Committee Chairs. The understanding of the independent Advisor is that this informal meeting helps shape strategic issues at an early stage. It clearly places additional demands on Chairs and helps justify the ongoing payment of Special Responsibility Allowances.
- 6.21. **I recommend that the Committee Chair Special Responsibility Allowance should continue to be set at a multiplier of 1.5x Basic Allowance i.e. £3,900 (assuming the Basic Allowance is increased in line with the recommendation at paragraph 5.8 above). But I recommend an early review of differentials which might apply to different committee Chairs would be appropriate. [For avoidance of doubt this would not apply to the Chair of the Capital Programme Working Party, given that this Working Party exercises no delegated powers and is not subject to the same, formal, Access to Information regime as Committees].**

Commercial Services Committee

- 6.22. The Commercial Services Committee was established in 2011 to oversee the commercial activity undertaken by the Authority through Red One Ltd and any other body established for such purposes. The Authority, as sole shareholder, exercises control over Red One through a contract established with the company. The report proposing the setting up of the Commercial Services Committee foresaw a requirement for the Committee to meet very regularly, at short notice, and required a considerable commitment from Members. Exceptionally the report recommended that the rules on Members only receiving one Special Responsibility Allowance should be lifted in relation to this Committee recognising its special nature. The report also proposed that the costs should be met from income generated by the company. The multiplier agreed was 1.5x Basic Allowance. This approach was endorsed in the 2012 Review Report but as noted in 6.3 above the Members rejected the recommendation to lift the "only one Special Responsibility Allowance" rule in relation to members of this committee with the exception of the Chairman.
- 6.23. The governance of Red One is under review and it looks likely that this Committee will cease to operate in its current form.

- 6.24. The Commercial Services Committee membership can (and still does) include Members in receipt of other Special Responsibility Allowances. I recommend that the rule of “only one Special Responsibility Allowance” per member be equally applied to this Committee if it continues to operate. If it does continue to operate in a scaled down form **I recommend no allowance be payable to members of the committee. The Chair of the Committee be allowed to claim a Chair’s allowance, subject to the “only one Special Responsibility Allowance” rule applying.**
- 6.25. I am informed, however, that the probability is this Committee will be dissolved and Authority oversight instead exercised by three Members appointed by the Authority as non-executive directors on the Board of Red One Ltd. I have had the opportunity to discuss with the current Members of the Commercial Services Committee their experiences in serving on that Committee with a view to informing what an appropriate level of Special Responsibility Allowance might be for an Authority-appointed non-executive director.

Non-executive director roles on Red One Ltd

- 6.26. It appears likely that the governance of Red One will be focussed through the Board, and an Independent Chair has recently been appointed alongside the executives. non-executive directors have a key role to play in setting the strategic direction of the organisation, managing performance, people and risks. It is therefore an important role and key to the success of Red One Ltd. They also take on more personal liability for risk.
- 6.27. Guidance recognises that non-executive directors may be remunerated although it is often the case that these positions are not remunerated. It is worth noting the new Independent Chair has, as I understand it, declined remuneration. Comparators might be Housing Associations where Councillors sit on the Board and again these roles are often unremunerated. Another comparator would be the Local Enterprise Partnership Boards which are responsible for providing economic leadership in their area. The Heart of the South West Local Enterprise Partnership covers Devon and Somerset. Local authority Members serve on these Boards. The Heart of the South West Local Enterprise Partnership does not pay any remuneration to the Members and neither do they receive a Special Responsibility Allowance from their home authorities relating to this activity.
- 6.28. In relation to Members, including Members of fire and rescue authorities, the Local Authorities (Companies) Order 1995 is relevant and restricts the remuneration of Members appointed as non-executive directors on local authority controlled companies to the “greatest amount which would for the time being be payable...in respect of a comparable duty performed on behalf of the Authority, less any amount payable by that authority in respect of the relevant duty” (paragraph 5).

- 6.29. As the new structure is yet to be put in place it is difficult to assess the relative workload and responsibilities of the Authority appointed non-executive directors of Red One except in broad terms. I recognise that there is a potential Director's liability issue and I therefore recommend that either Red One Ltd or the Authority be asked to put in place appropriate if existing insurance doesn't cover this liability. This insurance should apply equally to all directors on the Board.
- 6.30. The future success of Red One Ltd is seen by the Authority as vital to the future sustainability of the Devon & Somerset Fire & Rescue Service and it is therefore vital to have the right non-executive directors with the right skills. I understand the Independent Chair will have a key role in the assessment of the suitability of individuals for this role and I would want to encourage Members to apply for the important role. I have therefore concluded that a Special Responsibility Allowance in this case would be warranted, but should in my view be subject to early review to establish the exact demands of the role.
- 6.31. As noted above, at this early stage it is difficult to make an assessment of the level of responsibility, accountability, time and effort that these Authority-appointed non-executive directors roles will take. At the moment I have concluded that the comparators have to be the current Commercial Services Committee and the Committee Chairs. I therefore recommend a Special Responsibility Allowance with a multiplier of 1.5x Basic setting the allowance at £3,900 [on the basis that Basic Allowance is increase as set out in the recommendation above].
- 6.32. I have been at pains to stress my belief that the rule of only one Special Responsibility Allowance per member should apply. I believe that this is important and recognises that if a Member is undertaking one role attracting a Special Responsibility Allowance that this may take considerable time and effort over and above their basic duties on the Authority. Undertaking, therefore, another role may put too many demands on one member and not enable them to perform all the functions effectively. It is also clearly important to attract Members with the right expertise to these non-executive director roles and I would not therefore want to rule someone out by restricting them claiming only one Special Responsibility Allowance. Rather, I consider that – exceptionally, - at least part of a second Special Responsibility Allowance should be payable for the role if they have concluded themselves that they are able to undertake all their other public service duties effectively. I am therefore recommending, exceptionally, that Members in receipt of another Special Responsibility Allowance be eligible to claim 50% of the Special Responsibility Allowance for the non-executive director role .
- 6.33. I understand that the Independent Chair will be considering candidates and making a recommendation to the Authority, I recommend that the Chair be asked to confirm with any candidate that they are able to give the commitment he would expect of them in addition to the demands of their other roles.

6.34. I recommend that the position be reviewed within the next 18 months once any new arrangements have been established and working for a period. The review should consider the views of the new Chair of Red One on the requirements of the role from his perspective.

7. Uprating mechanism

7.1. The last Review recommendation was accepted that the Authority linked the Allowances with the level of any annual increase agreed by the National Joint Council for Local Government Services (Green Book). **I am recommending this approach be continued to take effect in the second year of the period under review i.e. from April 2017**

8. Travel and Subsistence

8.1. Having reviewed the current travel and subsistence scheme and considered the schemes in the constituent authorities and the arrangements for staff **I am recommending:**

(i) Reimbursement of approved mileage be linked to the rates published by HMRC. For 2016/17, namely:

- 45p per mile for the first 10,000 miles pa.
- 25p per mile for mileage over 10,001 miles pa.
- Passenger rate is 5p per passenger per mile (max 4 passengers).
- Bicycle allowance: 20p per mile.

Any increases or decreases to these rates by HMRC should automatically be reflected in the payment to Members in the future.

(ii) Subsistence allowances should be the same as for employees, with any changes in rates reflecting changes to the employee scheme.

Currently set at:

- Breakfast - £6.90
- Lunch - £9.54
- Tea - £3.76
- Dinner - £11.82

Overnight accommodation would be subject to agreement through the Democratic Services section as under the current arrangements.

9. Other Issues

- 9.1. Members are having to work in a constantly changing environment, this will particularly be the case for those Members appointed to the Board of Red One Ltd if that proposal goes ahead. I would therefore like due consideration to be given to appropriate support and development to be given to all Members in carrying out their work

Bryony Houlden
December 2015