

Report of Managing Director

Members' Allowances – report of Independent Remuneration Panel

1 Purpose of report

For council to consider the findings of the Independent Remuneration Panel (IRP) and adopt a new scheme of members' allowances.

2 Executive summary

2.1 The council is required to adopt a scheme of members' allowances that adequately supports members in fulfilling the council's priorities.

2.2 The IRP met on 6 November 2017 and a copy of its subsequent report and recommendations are attached as appendix A to this report.

3 Appendices

Appendix A: extracts and summary of recommendations of the Independent Remuneration Panel

Appendix B: financial analysis of current and recommended allowances

4 Proposed Action:

Council is invited to RESOLVE to approve:

- 4.1 **recommendations 1 to 18 of the Independent Remuneration Panel attached at appendix A to the report with effect from 1 September 2017;**
- 4.2 **that any allowances already paid to vice chairmen up to 31 March 2018 are not recovered;**
- 4.3 **an increase from 1 April 2018 and thereafter annually on each 1 April, equal to the agreed National Joint Council (NJC) pay award for employees;**
- 4.4 **the Independent Remuneration Panel to carry out a further review in three years.**

5 Background

5.1 Members' allowances were last reviewed in May 2009.

5.2 In July 2017, council resolved to appoint Ged Dempsey, Stephen Leach, Andrew Page and Martin Wheatley as members of the council's Independent Remuneration Panel for a period of five years with effect from 12 July 2017.

5.3 The Panel was convened under The Local Authorities (Members' Allowances) (England) Regulations 2003 (SI 1021). The regulations require all local authorities to maintain an advisory independent panel to review and provide advice on members' allowances. All councils are required to seek the Independent Panel's

advice before they make any changes or amendments to their allowances scheme and they must pay regard to the panel's recommendations before setting new or amended members' allowances Scheme.

5.4 All members and senior officers were invited to meet with the Panel.

6 Discussion

6.1 The Panel applied a number of principles in their approach to the review:

- (a) Allowances should be set at a level which encourages a greater diversity of people to stand as councillors.
- (b) Allowances should be set at a level which precluded the possibility of members being out of pocket as a result of being on the council.
- (c) Not all the time commitment of councillors should be regarded as eligible for allowances
- (d) A significant proportion should be regarded as voluntary, motivated by an ethic of public service. The Panel followed current practice in earmarking this voluntary contribution as 50%.
- (e) The level of allowances in Wellingborough should be comparable with those in authorities of similar size and character.
- (f) Allowances should be upgraded annually on the basis of specified criteria, preferably related to the cost of living.

6.2 Paragraphs 6 to 22 of appendix A to the report set out the current allowances paid and the basis of these.

6.3 The Panel also took into consideration other allowances and provisions (paragraphs 25 to 32). These included a childcare allowance, IT and travel and subsistence.

6.4 Members are referred to appendices A and B for further detail.

6.5 It should be noted that the report produced by the panel is fully available upon request (from the Managing Director) and that the information at appendix A is a summarised and re-formatted version of the report, with recommendations and facts unchanged.

7 Legal powers

The panel has been convened under The Local Authorities (Members' Allowances) (England) Regulations 2003 (SI 1021). The regulations require all local authorities to maintain an advisory Independent Panel to review and provide advice on members' allowances. All councils are required to seek the Independent Panel's advice before they make any changes or amendments to their allowances scheme and they must pay regard to the Panel's recommendations before setting a new or amended members' allowances scheme.

8 Financial and value for money implications

Although the Independent Remuneration Panel is not expected to consider the financial implications of its recommendations, the council will need to be aware of (and consider) the budgetary implications when making their decision about the scheme.

The financial implications of the proposals are outlined in appendix B to the report. This analysis is based on the recommendations of the panel and demonstrates the impact of the proposals if implemented for the full or part of the current year and for 2018/19.

The current budget for members' allowances is set at £190,000. An increase as recommended by the panel with effect from 1 September 2017 can be met from within the existing budget.

Implementing the proposals from 1 April 2017, however, would generate an overspend of £12,676 for the current year.

The impact on the 2018/19 budget would be an increase of £12,385, should the increase be applied as recommended; this includes the agreed 2% increase in line with the employee pay award.

9 Risk analysis

The risk of not having an up to date scheme may impact on attracting individuals to become involved in civic leadership.

10 Implications for resources

There are no implications identified for resources, other than applying any agreed changes to the scheme.

11 Author and contact officer

Liz Elliott, Managing Director

12 Consultees

Independent Remuneration Panel, Directors, Karen Denton (Assistant Director), Samantha Knowles (Assistant Director)

13 Background papers

- Information published on the website of allowances paid to members.
- Report of Independent Remuneration Panel held on 6 November 2017
- Notes made and held by Independent Remuneration Panel members on 6 November 2017 (exempt under paragraph 1 of Part 1 of Schedule 12A of the Local Government Act 1972)

WELLINGBOROUGH BOROUGH COUNCIL

REVIEW OF MEMBERS ALLOWANCES

REPORT OF THE INDEPENDENT REVIEW PANEL _ extracts and summary of recommendations

Introduction; The background to the Review

- The last review of member's allowances was carried out in 2009.
- The fact that allowances have been frozen at their existing rate from 2009 to the present day means that their real value has decreased by at least 15%. This has the consequence that any proposal by the Panel simply to restore allowances to their former value would necessitate an increase of the same magnitude, which might seem difficult for the council to justify to the public.
- No criterion has been identified by which members' allowances should be increased on an annual basis (such as equivalence to officers' pay awards or the retail price index)
- There is no provision for a childcare allowance
- There was far less in the way of guidance from previous practice to inform the work of the Panel than is usually the case.
- The Panel's starting point was to list the principles which it felt should underpin its analysis and proposals. These are as follows
 - a) Allowances should be set at a level which encourages a greater diversity of people to stand as councillors.
 - b) Allowances should be set at a level which precluded the possibility of members being out of pocket as a result of being on the council.
 - c) Not all the time commitment of councillors should be regarded as eligible for allowances. A significant proportion should be regarded as voluntary, motivated by an ethic of public service. The Panel followed current practice in earmarking this voluntary contribution as 50%.
 - d) The level of allowances in Wellingborough should be comparable with those in authorities of similar size and character
 - e) Allowances should be up-graded annually on the basis of a specified criteria, preferably related to the cost of living.

The Basic Allowance

1. The Basic Allowance in Wellingborough currently stands at £3440. This figure represents a decrease of at least 15% of its value in 2009 in real terms. The current average for the other six Northants districts and four adjacent Leicestershire districts is £4800 (£4600 if Northampton is excluded). Hence Wellingborough's Basic Allowance is currently around 25% below that paid in nearby authorities of similar size and character. In Kettering, the basic allowance is £5394 and in South Northants £5010.
2. What level of increase would be appropriate? At the very least, the loss in value since 2009 of 15% should be restored. But the Panel also felt that the allowance could and should be increased further as a result of discontinuing the allocation of Special Responsibility Allowances (SRAs) for several of the relatively minor positions for which they are currently paid. The argument here is that Wellingborough has a much higher number of SRAs allocated than government guidance recommends. The 2003 guidance recommended that not more than one third of councillors should be allocated SRAs. In Wellingborough, there are 25 such allocations, amounting to over two-thirds of the council membership. A proportion of this magnitude is out of line with the principle underlying the award of SRAs. There are a wide range of responsibilities involved in council work;

probably a large majority of councillors in Wellingborough, as elsewhere, have some form of responsibility beyond their role as a ward councillor, for example operating as a council representative on an outside body. Minor responsibilities (e.g. vice-chair of a small committee) can reasonably be expected of all councillors and should not necessarily qualify for an SRA, particularly if the Basic Allowance is increased significantly, as the Panel proposes, to cover such minor responsibilities.

3. By reducing the number of SRAs a further 3% increase in the basic allowance could be funded.
4. However, in the panel's view, an overall increase totalling 25% would be justified, to cover the accumulated shortfall since 2009, the discontinuation of smaller allowances and the fact that in a committee system, unlike a cabinet system, responsibility is shared among all members of the committee. This would increase the basic allowance by £860, taking it from its current level of £3440 to £4300. The increase would still leave it £500 (or 12%) short of the local average for similar authorities, but it would do much to close the large gap which exists at present.
5. Even if the council were to accept that an increase of this magnitude was justified in principle, it might still consider that in the current economic climate, it would be difficult to support it. This is a legitimate judgement, but it is one for the council, not the Panel to make. However, if the council were to opt for a phased introduction of the recommended increase, for example four annual increases of 6.25%, the Panel would regard that as within the spirit of its recommendation.

Special Responsibility Allowances

The leader's allowance

6. The council leader's SRA is currently £5846, half that of the average figure allocated to leaders of the comparable authorities (Northampton excluded) which the Panel surveyed. In contrast, the deputy leader's SRA is £4093, which is closer to the average for deputies of £6100. The SRAs for opposition leader (£4531) and deputy (£2265) are much closer to the average figures for comparable authorities of £4300 and £2150 respectively.
7. The responsibilities of the council leader have undoubtedly increased significantly over the past eight years, not least in relation to the increase in partnership working of various kinds, both in striving to facilitate the economic development of Wellingborough, and the joint working required with the other Northamptonshire districts in response to central government devolutionary initiatives. It is unacceptable that his allowance should be a mere half that of comparable authorities
8. The Panel's recommendation is that it should be increased by 50% to £8769. This is still significantly below average, but is as great a proportional increase that can be justified at this point in time.
9. The responsibilities of a deputy leader are always more difficult to ascertain, and vary considerably from authority to authority. It recommends that the deputy leader's SRA be set at half that of the leader's, i.e. £4384.

Chairs and the committee system

10. Wellingborough BC chose in 2000 to retain a committee system of governance rather than a cabinet- and- leader model. The nature of responsibility (and accountability) in a committee system differs from that in a cabinet system, where responsibility operates on a personal (portfolio-holder) level. In contrast, in a committee system, responsibility and accountability are more widely shared; it is the committee collectively which can be held responsible, rather than the chair individually. It follows that SRAs for chairs in a committee-based council should be less than those allocated to cabinet members in a cabinet and leader system, where individual responsibility is much more transparent. It also follows that the basic allowance in committee-based authorities should take account of responsibilities involved in being on a committee which takes collective decisions.

11. Committee chairs of the leading committees in Wellingborough receive an SRA of £4531, compared with an average for comparable local authorities of £5120 (£4960, if Northampton is excluded).
12. The Panel concluded that, unlike the case of the basic allowance, there was no argument for a general up-rating of SRAs for committee chairs in Wellingborough, with the possible exception of the Planning and Licensing Committees, which, as regulatory committees with specified legal responsibilities, are directly comparable with their counterparts in leader and cabinet authorities.
13. There are nine committees in Wellingborough in which SRAs have been allocated to the chair and vice-chair positions. The committees vary in size and in the level of SRAs they attract. The highest profile committees appear to be Resources and Development. Both have 15 members (nearly 40% of the total council membership) and meet six times per year. The chair's SRA is £4531 and that of the vice chair £906, as the case for the Planning Committee, which has a membership of eleven and meets every month. The Services and Partnerships and Performance and Audit Committees each have seven members, and meet three times a year. Their chairs receive an SRA of £1,113 and their vice-chairs an SRA of £189.
14. The Appointments and Licensing Committees (each with 13 members) meet as and when required, in some years not at all. Their chairs also receive an SRA of £1133 and their vice-chairs £189. The Standards Committee has a similar pattern of as and when meetings; its chair receives an SRA of £227 and the vice-chair £60. The SRA of the chair of Licensing in Wellingborough is £1161, significantly below the average in comparable authorities.
15. It was difficult for the Panel to discern much logic or consistency to this diverse pattern of SRAs. There is an unusually large gap between the SRAs paid to two committees- Resources and Development- and the remainder. This discrepancy presumably reflects the perception that size and frequency of meeting are measures of the level of responsibility. But there are inconsistencies here; the Planning Committee meets more frequently than both Resources and Development, and two other committees have an equivalent size of membership. In addition, level of responsibility should not necessarily be equated with committee size or frequency of meeting.
16. In the absence of any form of job description or set of expectations regarding these various posts, however rough and ready, it was difficult for the Panel to make informed judgements about the justifications for the differences involved. But it was clear that a simplified system of SRAs for committee chairs was required.
17. In the Panel's view, the committee which provides the best example of a function with clear-cut and challenging responsibilities is the Planning Committee. Development Control is a demanding and high-profile activity. Planning decisions are often contentious, generating a high degree of local public interest and often opposing views. They are vulnerable to appeal, and may prove costly to the council if the appeal is won. The panel learned that time-consuming site inspections were a major feature of the way the committee operated. There is a good deal of development currently taking place in Wellingborough, a situation which is likely to continue. In these circumstances, the Panel felt that the SRA of the Planning Committee chair should reflect the special nature of its responsibilities, and be pitched at a level higher than Resources and Development. It recommends an SRA for this position of £ 5,313 (25% higher than the current SRAs allocated to the chairs of Resources and Development).
18. The Panel's recommendation is that, with the exception of Planning, there should be three levels of SRA paid to committee chairs.
19. The current SRA of £4531 paid to the chairs of Development and Resources should be retained, but not increased.
20. The chairs of Services, Partnerships and Performance and Audit whose committees meet less frequently, and (we were told) are rarely involved between meetings should receive an SRA of half this figure: £2765.
21. The SRA allocated to the Chair of the Licensing Committee, which has important regulatory responsibilities similar in principle to those of the Planning Committee, should be set at the same

level. If, however the Licensing Committee holds no meetings during the course of a municipal year, then the SRA should not be paid.

22. The same provision should apply to the two other committees-Appointments and Standards- which, we were told, meet as and when required and sometimes not at all. When they do meet, there are significant responsibilities involved, and the Panel felt that SRAs of £1382 would be appropriate. This figure is broadly in line with what is paid to chairs of Standards Committees in other comparable authorities. If they do not meet during the year, the SRA should not be paid.

The Number of SRAs

23. There is a strong case for significantly reducing the number of SRAs in Wellingborough. The Panel recommends that the SRAs paid to all vice-chairs of committees, and all lead members be discontinued. The lead member concept is a good one and should be continued, but the Panel learned that the level of time and energy devoted to this role among those holding it varies considerably. It fits within the category of minor responsibilities. The same is true of the role of vice-chairs, except in circumstances where the chair is unavoidably absent (typically through ill-health) for a significant amount of time, in which case the appropriate proportion of the chair's allowance should be transferred to the vice-chair.
24. The recommendations set out in this section, taken together, would reduce the number of SRAs in Wellingborough from 25 to 13, a figure which represents 36% of council membership, and is hence much closer to the one-third proportion recommended by the government in 2003.

Other Allowances and provisions

25. There was a further set of issues relating to the Allowances Scheme which the Panel discussed. First, it is essential that the Scheme includes some criteria for annual updating of members allowances, not least to avoid the significant decrease in value of all allowances in Wellingborough since 2009, when allowances were frozen. In line with what is current practice in almost all authorities, the Panel recommends that the criteria used is the percentage increase permitted by central government in officers' salaries, which has varied from year to year since 2010. If and when that control is lifted, some form of cost-of living criteria such as the retail price index should be substituted.
26. Second, it is important that the council introduces some form of childcare allowance. The Panel knows of no other authority which has not done so. It recommends that it be set at an hourly rate equivalent to that of the minimum wage, capped at 100 hours per municipal year, and paid on the production of receipts. This measure will certainly enhance the prospect of women with children (particularly single parents) finding it possible to combine council membership with parenthood.
27. The Panel considered the current arrangements for making payments to members to enable them to purchase IT equipment to help in carrying out their council duties more efficiently and effectively. Not all councillors have taken advantage of this opportunity, but those that have appear content with the current system. Although other councils deal with this issue in different ways, the Panel felt that as there was no pressure for change, the current arrangements should be retained.
28. Although the Panel received no specific representations about the travel and subsistence expenses allowances, it recommends that the council adopts the mileage allowances specified by HMRC. To do so would bring it in line with practice in the great majority of other authorities.
29. The task of calculating appropriate SRAs for the various positions of responsibility the Panel has identified would be greatly facilitated if some form of specification of the expectations attached to each position were to be specified. It recommends that this practice be introduced in Wellingborough.
30. The current practice of withdrawing the basic allowance from a councillor who had without an acceptable explanation failed to attend two formal meetings of council committees or sub-committees of which he or she was a member. This provision, which the Panel agrees is necessary,

should however be used sparingly. There are often good reasons- illness, unexpected family crises, pre-booked holidays- which would justify such absences. Ideally notice of absence should be given (with reasons), but this is clearly not always possible. It is for cavalier absences, with no good reason given, for which this provision should be used.

31. There is currently a provision in Wellingborough that no councillor can claim more than one SRA, even if he or she occupies two (or more) positions to which an SRA is attached. This is standard practice in other authorities, although there are exceptions, and indeed arguments which can be made against it. The Panel felt that there were stronger reasons for retaining this provision than for scrapping it, not least as an incentive to share positions of responsibility among as wide a range of councillors as possible.
32. The Panel's recommendations in total would involve approximately a 20% increase in the current members allowances budget of £160 000, taking the total to just over £200,000. For the reasons set out above, it is an increase that is long overdue, and results from the lack of attention to members allowances in Wellingborough over an eight-year period. It represents a mere 1.5% of the borough's total revenue budget, a justifiable 'cost of democracy', in the Panel's view. The option of phasing the recommended increases over a three- or four- year period is reiterated.

Summary of Recommendations

1. Basic allowance to be increased to £4300
2. Leader's SRA to be increased to £8769
3. Deputy leader's SRA to be increased to £4384
4. Planning Committee Chair's SRA to be increased to £5313
5. SRAs of chairs of Resources and Development Committees to remain at £4531
6. SRAs of chairs of Services, Partnerships and Performance, Audit and Licensing to be set at £2765
7. SRA for chairs of Appointments and Standards Committees to be set at £1382
8. If the Appointments, Standards or Licencing Committees do not meet during the course of a year, the chair's SRA should not be paid
9. The SRAs currently paid to vice-chairs of committees and lead members should be discontinued.
10. If a vice-chair is required to deputise for a chair for a significant period of time, due to illness, then the relevant proportion of the chair's SRA should be re-allocated to the vice-chair concerned.
11. The annual up-dating of member's allowances should for the present be based on the level of pay increase to officers permitted by the government. When such controls are lifted, the criterion used should be the retail price index.
12. A childcare allowance should be introduced at an hourly rate equal to the living wage, up to a maximum of 100 hours per municipal year.
13. Travel and subsistence allowances should be brought into line with those recommended by HMRC.
14. The current system of withdrawal of the basic allowance for repeated unjustified non-attendance should be retained, but applied with sensitivity
15. The current arrangements for the payment of IT expenses should be retained, as should the 'one SRA per member' rule.
16. The Allowances Scheme should be reviewed comprehensively every four years, with a minor review after two years (which would not necessarily require a Panel meeting) to consider any recent changes in committee structure or responsibilities of SRA holders.
17. The council should draw up job descriptions (one side of A4 maximum) for the leadership roles which attract allowances
18. The council should establish a folder of the documents pertaining to this review, including its recommendations and the response of the council to them, which will help the Panel carry out its duties in future.

	CURRENT - 2017/18		PROPOSED - 2017/18 (Full)		PROPOSED - 2017/18 (Part back dated 50%)		PROPOSED - 2018/19		Difference £	%
	Allowance £	Cost £	Allowance £	Cost £	Allowance £	Cost £	Allowance £	Cost £		
Standard:										
Basic Allowance	3,440.00	123,840.00	4,300.00	154,800.00	3,870.00	139,320.00	4,386.00	157,896.00	860.00	25%
Leader's SRA	6,041.00	6,041.00	8,769.00	8,769.00	7,405.00	7,405.00	8,944.00	8,944.00	2,728.00	45%
Deputy Leader's SRA	4,531.00	4,531.00	4,384.00	4,531.00	4,458.00	4,531.00	4,472.00	4,472.00	- 147.00	-3%
Opposition Leader	4,531.00	4,531.00	4,531.00	4,531.00	4,531.00	4,531.00	4,622.00	4,622.00	-	0%
Deputy Opposition Leader	2,265.00	2,265.00	2,265.00	2,265.00	2,265.00	2,265.00	2,310.00	2,310.00	-	0%
		141,208.00		174,896.00		158,052.00		178,244.00		
Chairs:										
Planning Committee	4,531.00	4,531.00	5,313.00	5,313.00	4,922.00	4,922.00	5,419.00	5,419.00	782.00	17%
Resources Committee	4,531.00	-	4,531.00	-	4,531.00	-	4,622.00	-	-	0%
Development Committee	4,531.00	4,531.00	4,531.00	4,531.00	4,531.00	4,531.00	4,622.00	4,622.00	-	0%
Services Committee	1,133.00	1,133.00	2,765.00	2,765.00	1,949.00	1,949.00	2,820.00	2,820.00	1,632.00	144%
P&P Committee	1,133.00	1,133.00	2,765.00	2,765.00	1,949.00	1,949.00	2,820.00	2,820.00	1,632.00	144%
Audit Committee	1,133.00	1,133.00	2,765.00	2,765.00	1,949.00	1,949.00	2,820.00	2,820.00	1,632.00	144%
Licensing Committee	1,133.00	1,133.00	2,765.00	2,765.00	1,949.00	1,949.00	2,820.00	2,820.00	1,632.00	144%
Appointments Committee	1,133.00	1,133.00	1,382.00	1,382.00	1,258.00	1,258.00	1,410.00	1,410.00	249.00	22%
Standards Committee	303.00	303.00	1,382.00	1,382.00	843.00	843.00	1,410.00	1,410.00	1,079.00	356%
		15,030.00		23,668.00		19,350.00		24,141.00		
Vice Chairs & Other:										
Planning Committee	906.00	906.00	-	906.00	453.00	906.00	-	-	- 906.00	-100%
Resources Committee	906.00	-	-	-	453.00	-	-	-	- 906.00	-100%
Development Committee	906.00	906.00	-	906.00	453.00	906.00	-	-	- 906.00	-100%
Services Committee	906.00	906.00	-	906.00	453.00	906.00	-	-	- 906.00	-100%
P&P Committee	189.00	189.00	-	189.00	95.00	189.00	-	-	- 189.00	-100%
Audit Committee	189.00	189.00	-	189.00	95.00	189.00	-	-	- 189.00	-100%
Licensing Committee	189.00	189.00	-	189.00	95.00	189.00	-	-	- 189.00	-100%
Appointments Committee	189.00	189.00	-	189.00	95.00	189.00	-	-	- 189.00	-100%
Standards Committee	60.00	60.00	-	60.00	30.00	60.00	-	-	- 60.00	-100%
Lead Councillors	378.00	378.00	-	378.00	189.00	378.00	-	-	- 378.00	-100%
		3,912.00		3,912.00		3,912.00		-		
TOTAL		160,150.00		202,476.00		181,314.00		202,385.00		
Budget Available		190,000.00		190,000.00		190,000.00		190,000.00		
Variance		29,850.00		- 12,476.00		8,686.00		- 12,385.00		

