

CHESTERFIELD BOROUGH COUNCIL

REPORT OF THE INDEPENDENT REVIEW PANEL ON MEMBERS ALLOWANCES

Introduction

- 1.1. The panel was convened at the request of Chesterfield Borough Council and met on two occasions: 15th September and 1st October 2015. Its membership now comprises Professor Steve Leach (De Montfort University) who chairs the panel, Tim Nye (a former police officer in the Derbyshire Constabulary) and Andrew Watterson (a Chesterfield Chamber of Commerce nominee)
- 1.2. All councillors were invited to make representations to the Panel, and 15 did so. The Panel also benefitted from a discussion with Huw Bowen, the chief executive. The Panel is grateful to all those who provided evidence, and to Donna Cairns for organising its meetings so effectively.
- 1.3. As in its 2011 report, the panel was impressed by what it learned of the way in which the council was conducting its business. It noted with approval the proactive nature of the political leadership, the strengthening of the scrutiny function, the involvement in the South Yorkshire and D2/N2 'combined authority' initiatives, the effective contribution made by the assistant executive members, the switch from community forums to community assemblies chaired by local people, and the progress made in income generation and financial self-sufficiency. In the Panel's view, Chesterfield is a good example of a proactive 'can do' council.
- 1.4. In 2011, the attitude of the council was that no overall net increase in the councillors' allowances budget could be justified, in the difficult financial circumstances then facing the council, a practice which the council intended to continue. The Panel understood and supported that intention, and worked within these constraints in framing its recommendations. It now notes that in six of the years since 2008, there has been no increase in members' allowances, either as a consequence of a public sector pay freeze, or, on two occasions, a political decision not to award the staff increase to members.

- 1.5. But more recently, there has been a change of attitude, which the Panel fully supports. Having operated for seven years on a virtual 'no growth' basis with regard to members allowances, during which the real value of all allowances has decreased significantly, it is time to take a less restrictive view of members allowances, and to address the anomalies which are apparent in the current system.
- 1.6. One of the key principles underpinning the Panel's previous reports was that the system of members' allowances should not restrict the possibility of any group in society from becoming a councillor, and ideally have the effect of encouraging groups currently under-represented to do so. The Panel was made aware in evidence submitted to it that for various groups, including younger people in full-time work and those reliant on benefits, the current allowances system was indeed a disincentive to becoming (or remaining) a councillor, and required an exceptionally high level of commitment to disregard the costs involved.
- 1.7. The Panel was clear that for various reasons- the decrease over a seven-year period in the real value of members allowances, the increased demands on all councillor roles in a time of austerity, increased partnership-working, and regulatory responsibilities, and the increases sanctioned in relation to other comparable measures such as the minimum wage- it was at this time right to consider increases in the allowances budget. There was also an opportunity, in these circumstances to deal with the anomalies which currently exist within the pattern of allocation of Special Responsibility Allowances (SRAs).

The Basic Allowance

2.1. All the councillors we interviewed felt strongly that there was a case for a significant increase in the basic allowance, to respond to the various changes and concerns noted in 1.6 and 1.7 above. The Panel, which had noted in its 2011 report that the basic allowance in Chesterfield was on the low side for an authority of its size and status, and that there was an 'in principle' case for an increase, fully supported this view.

2.2. Furthermore, the Panel was of the view that, in the light of the circumstances set out in 1.6, 1.7 and 2.1 above, the increase should be a

substantial one. It recommends that the Basic Allowance should be increased by one third (or 33%) from its current level of £4,421 to £ 5,880, an increase of £1,460.

2.3. This increase would bring Chesterfield's Basic Allowance very close to the average for all Derbyshire authorities, and in line with some of the more urban authorities in its family group of comparator authorities (e.g. Mansfield, Gloucester and Cannock Chase).

Special Responsibility Allowances

3.1. The Panel recognised the major contributions made to the authority by the leader and the deputy leader, especially in relation to the developing responsibilities attached to the South Yorkshire and N2/D2 Combined Authorities initiatives. However in the light of its comments in the 2011 Report regarding the 'top heavy' nature of Chesterfield's allowances system, it felt that it was inappropriate to recommend an increase on this occasion. They should remain at £27,785 and £15,285 respectively. Both positions would of course benefit from the recommended increase in the Basic Allowance.

3.2 By the same token, the Panel felt that the SRA of the Opposition leader should remain at its current level (£8,686). The Panel felt, however, that as a result of the significant decrease in size of the main opposition group (now nine, which is less than 20% of the total number of councillors), it could now no longer be justified to allocate an SRA to the position of deputy leader (this is of course no reflection on the abilities of the incumbent). If the size of the principal minority group were to increase significantly in future, the case for re-instating the SRA for deputy leader would need to be reconsidered by the panel.

3.3 Executive members experienced a substantial reduction in their SRAs in 2011, which were cut by one-third to enable the newly-created roles of 'assistant executive members' to be funded, within the cabinet's overall financial allocation. This change was accepted by the Panel (and the council) to be appropriate at that point in time. But given that the formal responsibilities of executive members have not been diminished by the introduction of executive assistants, and that their responsibilities and

workload have on balance increased since 2011, the Panel felt that it was now appropriate to increase the SRAs of executive members to a level which approached that which prevailed prior to 2011. It recommends a 25% increase in their SRAs, which would result in an increase of £1,525, taking their SRAs to £7,626. This is still £1,500 less than was the case before executive assistants were introduced, but executive members would of course also benefit from the recommended increase in the Basic Allowance.

3.4 The introduction of assistant executive members has, the Panel was told, worked well, both in terms of providing support for executive members (progress chasing, research, deputising where appropriate (e.g. at scrutiny committees)) and in terms of the personal development of the individuals concerned (with a potential benefit to the council in relation to succession planning). Although there were views expressed that the SRAs allocated for these positions should be equivalent to those allocated to the chairs of the scrutiny and regulatory committees, the Panel felt that the formal responsibilities attached to the latter meant that the current differential should be maintained. SRAs for assistant executive members should however be increased by half of the increase proposed for executive members, which would result in their increasing by £762 to £3,812.

Committee Chairs and Vice Chairs.

4.1. The Panel were not made aware of any dissatisfaction amongst members regarding the level of SRAs paid to the chairs of the various council committees, and hence sees no reason to make any changes, beyond some minor adjustments to clarify the relative value of the three bands involved to 4:3:2. However it was made aware that the workload and responsibilities of the audit role of the Standards and Audit Committee was increasing due to the development of the two 'Combined Authorities' initiatives. The Panel felt that the SRA for the chair of this Committee should be kept under review, and the panel kept informed of any significant increase in responsibilities which might justify a re-assessment.

4.2. Arguments were presented to the Panel that there was an inconsistency in the fact that some vice-chairs of committees received an SRA, but that others did not. In the current scheme, the vice-chairs of the two Scrutiny committees receive SRAs which are half of those allocated to

committee chairs, whereas those of the Planning, Appeals and Regulatory, Employment and General, and Standards and Audit Committees did not. The Panel accepts that these anomalies should either be rectified or justified. In the case of the Appeals and Regulatory Committee, it was felt that there was a strong case for acknowledging the significance of the vice-chair role with an SRA, particularly given that both chair and vice-chair of this Committee currently double up as chair and vice-chair of the Licensing Committee. Both these Committees make decisions which could have significant financial consequences for the council, and as the vice-chair frequently acts as chair of smaller panels which make such decisions, an SRA of £2,330 (half that of the chair) was felt to be appropriate. In the case of two of the three other Committees involved, the Panel did not feel that the same arguments applied, and hence saw no reason to recommend a change in the status quo.

4.3 The Planning Committee is in the same regulatory position as the Licensing (and Appeals and Regulatory) Committee, and hence the SRA for the vice-chair is justified, and should be introduced. The vice-chairs of the two Scrutiny Committees should continue to receive SRAs, so long as they continue to play a dominant role in chairing review panels.

4.4 Recommended SRAs for Committee Chairs and Vice-Chairs are summarised below:

- *Chairs of Planning, Licensing (when held by Chair of Appeals and Regulatory) and the two Scrutiny Committees: £4,660.

- * Vice-chairs of the above Committees: £2,330.

- *Chair of Employment and General Committee: £3,495.

- *Chair of Standards and Audit Committee: £2,330.

Other issues

5.1. The Panel was asked to comment on the adequacy or otherwise of the Mayoral Allowance (comparative data for comparable authorities was helpfully provided by the council). No evidence was presented by the current incumbent, and so the Panel felt unable to recommend any changes. It reiterates the view expressed in the 2011 report that neither the mayor nor the deputy mayor should incur a financial loss as a result of carrying out their duties, and that the best way of avoiding this outcome is

to ask the mayor and deputy to record actual expenditure, so that the Council is able to keep under review the adequacy of these allowances, and to adjust them, if that is what the evidence implies.

5.2. In its 2011 report, the Panel recommended that an internal review of the adequacy and composition of the telecommunications allowance paid to councillors should be carried out. This review has been carried out, and its recommendations implemented. The Panel is happy to endorse this outcome.

5.3. One interviewee asked that the Panel reconsider the adequacy of the current Dependent Carers Allowance. The Panel recommend that the carers allowance should continue to equate with the minimum wage (or living wage, when introduced). The current maximum of £10 per hour should be retained, but the Panel recommends that a degree of flexibility should be exercised in circumstances where this rate is demonstrably inadequate to cover the real costs involved.

5.4. One interviewee argued that the allowance paid in relation to visits to London on council business involving an overnight stop (currently £ 102) was inadequate. In the absence of evidence from other councillors, the Panel suggests that the council should carry out its own review of this allowance. It would of course be important to maintain member/officer parity in relation to this and all other travel and subsistence allowances.

5.5. The Basic Allowance and all SRAs should continue to be updated annually in line with the average level of change in the NJC staff pay award for spinal columns 35-40, unless, in exceptional circumstances, the Council resolves to forego such increases.

5.6. The Panel's proposals are summarised below

- (1) Basic Allowance to be increased to £5,880
- (2) Leader's SRA to remain at £27,785
- (3) Deputy Leader's SRA to remain at £15,285
- (4) Opposition Leader's SRA to remain at £8,686
- (5) Deputy Opposition Leader's SRA to be discontinued, due to small group size.

- (6) Cabinet Members' SRA to be increased to £7,626
- (7) Cabinet Member (without portfolio)'s SRA to be discontinued, whilst the position is held by the leader of the main Opposition party.
- (8) Assistant Executive Members' SRA to be increased to £3,812.
- (9) Chairs of Planning, Licensing (when also held by Chair of Appeals and Regulatory Committee) and the two Scrutiny Committees to receive an SRA of £4,660.
- (10) Vice-Chairs of Planning, Licensing and the two Scrutiny Committees to receive an SRA of £2,330
- (11) SRA of Chair of Employment and General Committee to remain at £3,495
- (12) SRA of Standards and Audit Committee to remain at £2,330 (but workload to be kept under review)

Conclusions

6.1. The Panel estimates that the total cost of its recommendations would be as follows:

Increase in Basic Allowance: 48 @ £1,460 = £ 70,080.

Increase in cabinet members SRAs: 5 @ £1525 = £7,625.

Increase in executive assistants SRAs: 5 @ £762 = £ 3,810.

Allocation of SRAs to 2 vice-chairs: 2 @ £ 2,330 = £ 4,660.

TOTAL £86, 175

Against this can be set the following savings:

Discontinuation of SRAs for Community Forum Chairs: 8 @ £ 3,491
= £27, 928.

Discontinuation of SRA for Deputy Leader of Minority Group: £4,342.

Redundancy of SRA for cabinet member without portfolio: £ 4,342 (whilst position continues to be held by the minority group leader)

TOTAL £36,612.

6.2. Thus the additional net expenditure implied by the recommendations is £49,553 when compared with the total expenditure implied by the Panel's 2011-12 report. The changes to the current total allowances budget, however, need to take account of the fact that the Community Forum SRAs have already been discontinued.

On this basis, the Panel's recommendations represent a 22% increase on the 2013-14 members allowances budget of £ 347,628. The approximate cost per capita increases by 73p from £3.35 to a figure of £4.08. In the Panel's view, this level of increase is wholly justifiable for all the reasons set out in Sections 1 and 2 of this report, and represents value-for-money for the residents of Chesterfield.

6.3. If, in the light of the continuing climate of austerity in local government, the council decided that it wished to implement the recommended increases in the basic allowance and special responsibility allowances on a phased basis, over a three-year period, then the Panel would regard this as an acceptable alternative to an immediate full implementation of its proposals.