

FOR PUBLICATION

INDEPENDENT REMUNERATION PANEL ON MEMBERS' ALLOWANCES

MEETING: FULL COUNCIL

DATE: 16 DECEMBER 2015

REPORT BY: MONITORING OFFICER

WARD: ALL

BACKGROUND PAPERS FOR PUBLIC REPORTS: The Local Authorities (Members' Allowances) (England) Regulations 2003
Independent Remuneration Panel Protocol for Arrangements for Consulting Members
Report of the Independent Remuneration Panel - October 2015

1.0 **PURPOSE OF REPORT**

1.1 To enable Full Council to consider the recommendations of the Independent Remuneration Panel (IR Panel) following its recent review of the Members' Allowances Scheme.

2.0 **RECOMMENDATIONS**

2.1 That Full Council considers the report of the IR Panel and determines whether or not to approve some or all of the Panel's recommendations.

2.2 That the IR Panel's report be published as set out at paragraph 7.

2.3 That Full Council expresses both its appreciation and thanks to the Members of the IR Panel for the thorough and efficient way in which they carried out the review.

2.4 That the application of the average level of change in the NJC staff pay award for spinal column points 35-40 as the basis for the annual increase in members allowances shall not be valid after 31st December 2019, unless

the Council has before then sought a further recommendation from its IR Panel on their application in this scheme.

3.0 **BACKGROUND**

3.1 The Council has appointed an IR Panel to consider Members' allowances. This is a statutory requirement of the Local Government Act 2000 (the 2000 Act).

3.2 The Panel comprises Professor Stephen Leach (De Montfort University, who chairs the Panel, Andy Watterson (East Midlands Chamber of Commerce) and Tim Nye (former police officer in the Derbyshire Constabulary).

3.3 In accordance with the 2000 Act all Local Authorities are required to consult with their Panel and to have regard to its recommendations before amending any existing Scheme of Allowances or introducing a new Scheme. Only Full Council can approve a new or amended scheme of allowances.

3.4 2011 IR Panel Review

3.4.1 The Panel last carried out a comprehensive review in 2011 and advised that the allowances be changed annually in line with an index related adjustment linked to the staff pay award with a further comprehensive review in 2015.

3.4.2 In its 2011 report the IR Panel reviewed the level of members allowances taking into account the views expressed to it during the consultation that in the prevailing financial climate there should be no net increase in the overall budget. The Panel framed its recommendations accordingly, accepting that it was not timely to recommend an increase in allowances. However, in considering the basic allowance the Panel concluded that it was on the low side for an authority of the size and status of Chesterfield and advised that an increase in the allowance of at least 15- 20% was appropriate. The Panel wished to place on record its view that when the financial climate improved it would wish to see an increase of this level in the allowance as a priority.

3.4.3 In the context of the Council's desire to see no net increase in allowances in 2011 the IR Panel also considered the level of SRAs for the new posts of Assistant Cabinet Members. The Panel considered a number of funding options and recommended that the new positions be funded through a reduction in the Cabinet Member SRA and savings from other allowances. The Panel's recommendation for a two thirds /one third split of the Cabinet Member SRA was accepted by the Council reducing the Cabinet Member SRA from £8600 to £6041 and introducing a new allowance for Assistant Cabinet Member SRA of £3020.

3.4.4 Other minor changes recommended by the Panel in its 2011 review related to the SRAs for Scrutiny Chairs and Vice Chairs following the Council's review of its Scrutiny Committee roles and function and an adjustment to the SRAs for the Chair of Planning and Appeals and Regulatory Committees to create equivalence between the two roles. These changes were funded by a redistribution of savings and increases whilst remaining within the existing budget.

3.5 At a meeting of Council on 28 September 2011 members approved a written protocol for the IR Panel to consider member representations to the Panel at times of future reviews of the Members Allowances Scheme. A copy of the Protocol is attached at Appendix A.

3.5 In summary the Protocol provides that:

- Consultees can make written representations, and if appropriate oral representations, to the IR Panel about any aspects of the Council's Members' Allowances Scheme;
- Any comments made to it will be considered by the IR Panel before finalising its report;
- The Chair of the IR Panel may discuss matters further with the Leader of the Council, the Leader of the Minority Group and the Monitoring Officer if appropriate.

3.7 A meeting of the Panel was held on 15 September 2015. Under the provisions of the Protocol all councillors were invited to be interviewed by the IR Panel at their review meeting. Members were also invited to submit written representations to the IR Panel before the September meeting date. Some members took the opportunity to be interviewed and/or to submit written representations.

3.8 In accordance with the Protocol a copy of the IR Panel's draft report was sent to all councillors and any comments subsequently received have been conveyed to the Panel. The Chair of the Panel also met with the Leader of the Majority Group and the Chief Executive on 26 November to discuss the draft report.

3.9 This report and its recommendations are due to be considered by Cabinet at its meeting on 15 December, 2015.

4.0 **RECOMMENDATIONS OF THE PANEL**

4.1 The full report of the Panel is attached at Appendix B. The Panel's recommendations can be summarised as follows:-

1. The **Basic Allowance** should increase from £4421 to £5880 per annum.
2. The following **Special Responsibility Allowances (SRAs)** should be increased:

	Current	Proposed
Cabinet member with portfolio	6101	7626
Assistant Cabinet member	3050	3812
Chair of Scrutiny Committee	4654	4660
Chair of Planning Committee	4629	4660
Chair of Appeals and Regulatory Committee	4629	4660
Vice Chair of Scrutiny Committee	2327	2330
Chair of Standards & Audit Committee	2277	2330
Chair of Employment & General Committee	3491	3495

3. The following **Special Responsibility Allowances (SRAs)** should be retained at their current levels:

Leader of the Council	27785
Deputy Leader of the Council	15285
Leader of the Opposition	8686

4. The following new **Special Responsibility Allowances (SRAs)** should be introduced:

Vice Chair of Appeals and Regulatory Committee	2330
Vice Chair of Planning Committee	2330

5. The following **Special Responsibility Allowances (SRAs)** should be discontinued:

Deputy Leader of the Opposition	4342
Cabinet member without portfolio ⁺	4342

⁺Discontinue whilst this position is held by the Leader of the main opposition party.

6. Further Members Allowances Recommendations

- 6.1 No change to Mayor's allowance but that the adequacy of the allowance is kept under review.
- 6.2 No change to telecommunications allowances.
- 6.3 No change to dependent carers allowance, but that the allowance should continue to equate to the minimum wage (or living wage when introduced) with flexibility to pay above the maximum hourly rate in appropriate circumstances.
- 6.4 That the Council carry out a review of the overnight London allowance but maintain member/ officer parity for this and all other travel and subsistence allowances.
- 6.5 That the allowances be changed annually in line with the average level of change in the NJC staff award as provided for in the members allowances scheme.

5.0 COMMENTS ON RECOMMENDATIONS

5.1 Basic Allowance (paragraphs 1.6;1.7;2.1-2.3)

The Panel have restated their position in 2011 that the basic allowance is inadequate and a potential deterrent to seeking elected office. The Panel comments that the allowance continues to fall behind authorities of a comparable size and status and has recommended that there should be a substantial increase. The Panel's proposal would increase the current allowance from £4421 to £5880.

5.2 Special Responsibility Allowances (SRAs) and the Executive (paragraphs 3.1- 3.4)

Leader and Deputy Leader of the Majority Group

The Panel recognised the major contribution made to the authority by the Leader and Deputy Leader, especially in relation to the developing responsibilities attached to local enterprise partnership and combined authority initiatives. However, building on the Panel's original comments in their 2011 Report regarding the historic "top heavy" nature of Chesterfield's allowances system, it felt that it was inappropriate to recommend an increase in the SRA for these two roles on this occasion.

Leader and Deputy Leader of Opposition

The Panel recommended no change to the SRA of the Opposition Leader. The Panel felt, however, that as a result of the significant decrease in size of the main opposition group it could now no longer be justified to allocate a SRA to the position of Opposition Deputy Leader. The Panel further recommended that if the size of the principal minority group were to increase significantly in future, the case for re-instating the SRA for the Deputy Leader should be a matter for Panel re-consideration.

Cabinet members

The Panel felt that the level of SRA for Cabinet Members is inadequate for the current level of responsibilities and workload and it has recommended an increase to a level approaching that which prevailed prior to 2011. At that time the Panel supported a cut by one third of the Cabinet Members SRA to enable the newly created roles of Assistant Cabinet Members to be funded within the overall financial allocation. The Panel's proposal would increase the current allowance from £6101 to £7626.

Assistant Cabinet Members

The Panel were pleased to note the success of the Assistant Cabinet Member role. It recommended that the current differential between these posts and those of Cabinet Members, Scrutiny and Regulatory Committee Chairs should be maintained. Therefore the Panel recommended that the Assistant Cabinet Member SRA be increased from £3050 to £3812.

Committee Chairs: Regulatory Committees and Scrutiny (paragraphs 4.1-4.4)

The Panel does not recommend any change to SRAs for Committee Chairs beyond some minor adjustments to those made to the Chairs of Planning Committee and Appeals and Regulatory Committee respectively to bring them into line with the SRAs for Scrutiny Chairs.

The Panel also recommends that the allowance for the Chair of Standards and Audit Committee is slightly increased to bring it into line with the Committee Vice Chairs SRA but that the changing role of the Chair be kept under review and the Panel informed of any significant increase in responsibilities which might justify a re-assessment.

Committee Vice Chairs: Regulatory Committees and Scrutiny (paragraphs 4.1- 4.4)

The Panel considered that the Vice Chair allowance for the Scrutiny Committees should remain so long as the Vice Chairs continue to play a dominant role in chairing review panels.

The Panel also considered the case for introducing Vice Chair allowances for the Regulatory Committees. It concluded that there is a case for introducing a Vice Chairs allowance for the Planning and Appeals and Regulatory Committees and has recommended an allowance equivalent to half the rate of the Chair.

5.3 **Other Allowances** (paragraphs 5.1 –5.3)

Mayoral Allowance – the Panel was asked to comment on the adequacy of the Mayoral allowance. It reiterated the view expressed in 2011 that no councillor should be out of pocket as a result of carrying out Council responsibilities (including that of Mayor). The Panel did not feel it was in a position to make a recommendation for changing the current mayoral allowance in Chesterfield and recommended that the Council continue to record expenditure to monitor the adequacy of the allowance.

Telecommunications Allowance – the Panel noted that its previous recommendation to the council to carry out a review of the telecommunications allowance paid to councillors had been implemented.

Dependant Carers Allowance - the Panel has recommended 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 that a degree of flexibility should be exercised in circumstances where this rate is demonstrably inadequate to cover the real costs involved.

Subsistence allowance -The Panel has commented on the adequacy of the level of subsistence allowance for visits to London involving an overnight stay and has recommended that this rate be reviewed by the Council. However, the Panel acknowledges that the parity between member and officer rates for this and other travel and subsistence allowances should be maintained.

5.4 **General** (paragraph 5.4)

The Panel recommends that the Basic Allowance and all SRAs should continue to be updated in line with the average level of change in the NJC staff pay award for spinal column points 35-40, unless in exceptional circumstances the Council resolves to forgo such increases. This is provided for in the current scheme.

Indeed, it has been the case that such increases were forgone in 2008 and 2015. In 2010, 2011, 2012, and 2014 there was no increase as there was no staff pay award, whilst in 2009 and 2013 the members allowances were uplifted by 1% in line with the staff pay award.

The Panel has commented that 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 SRAs 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.

6.0 **FINANCIAL CONSIDERATIONS**

6.1 The cost of meeting the Panel's recommendations in full in a full year is set out below.

Basic allowance 48 no. x 1459	£70,032
Cabinet member with portfolio SRA 5 no. x1525	£7,625
Assistant cabinet member SRA 5 no. x762	£3,810
Chair of Scrutiny Committee x2	£12
Chair of Planning Committee	£31
Chair of Appeals and Regulatory Committee	£31
Vice Chair of Scrutiny Committee x2	£6
Chair of Standards & Audit Committee	£53
Vice Chair of Appeals and Regulatory Committee	£2,330
Vice Chair of Planning Committee	£2,330
Total cost	£86,260

6.2 The savings to the current Members Allowances Scheme from the Panel's recommendations are:

Discontinuation of SRA for Deputy Leader of the Minority Group	£4,342
Discontinuation of SRA for cabinet member without portfolio	£4,342
Total saving	£8,684

6.3 The Panel has offset the total costs against the savings realised by the discontinuation of Community Forum Chair SRAs in 2013 following the last IRP review. In addition, the current review has identified the two further savings at paragraph 6.2. This represents savings totalling of £36,612 over the period since the 2011 review. The Panel, however, acknowledge that the Community Forum Chair SRAs have been removed from the Council's budget since 2013. Similarly there is no budget for the SRA for the Cabinet Member without Portfolio as this position is currently held by the Leader of the Opposition. The overall cost of implementing the Panel's recommendations is therefore £81,918.

6.4 More than One Allowance

The current scheme provides that a Councillor can only receive one SRA at any given time and that if a Councillor is entitled to more than one SRA the higher allowance shall be paid.

7.0 **PUBLICATION OF RECOMMENDATIONS**

7.1 In accordance with the 2000 Act and enabling Regulations, a summary of the recommendations of the Panel needs to be published in at least one local newspaper as soon as reasonably practical after the report has been received. This publicity should also state that the report is available for public inspection. The report and recommendations will also be published on the Council's website.

8.0 **MEMBERS' INTERESTS (CODE OF CONDUCT)**

8.1 Members may speak and vote on matters to do with their allowances. This is because under the Code of Conduct Council business is not a form of employment, office, trade, profession or vocation carried on for "profit or gain".

9.0 **RECOMMENDATIONS**

9.1 That Full Council considers the report of the IR Panel and determines whether or not to approve some or all of the Panel's recommendations.

9.2 That the IR Panel's report be published as set out at paragraph 7.

9.3 That Full Council expresses both its appreciation and thanks to the members of the IR Panel for the thorough and efficient way in which they carried out the review.

9.4 That the application of the average level of change in the NJC staff pay award for spinal column points 35-40 as the basis for the annual increase in

members allowances shall not be valid after 31st December 2019, unless the Council has before then sought a further recommendation from its IR Panel on their application in this scheme.

10.0 **REASON FOR RECOMMENDATIONS**

10.1 To enable the Council's Members' Allowances Scheme to be reviewed as required by the Local Government Act 2000 and The Local Authorities (Members' Allowances) (England) Regulations 2003.

Gerard Rogers
Monitoring Officer

Further information on this matter can be obtained from Gerard Rogers,
Monitoring Officer (Extension 5310).