

Report of the Independent Remuneration Panel for 2008/09

Full Council, item 1

Committee:	Full Council	Agenda Item
Date:	19 February 2008	1
Title:	Report of the Independent Remuneration Panel for 2008/09	
Author:	Stephen Bennett, Martyn Fiddler and David Murtagh, assisted by Peter Snow	Item for decision

Summary

The Council is required by law to have regard to the recommendations of an independent remuneration panel in amending, revoking or replacing its scheme of allowances, or making a new annual scheme. A panel, consisting of three independent members, was established in 2001 to report to the Council for this purpose.

At its meeting on 15 January, the Finance and Administration Committee agreed to recommend, both to the Council and to the Panel, that all Member allowances in 2008/09 be frozen at 2007/08 levels, and that no backdating of any deferred increase should be made in the following year. Whilst recognising the critical financial position underlying this recommendation, the Panel nevertheless felt that an across the board increase would be appropriate, for the reasons given in this report, equivalent to the annual pay award of 2.475% to local government employees in 2007.

Recommendations

We recommend the payment of the following allowances in 2008/09 (an increase of 2.475% on existing allowances):

Type of allowance	Present rate	Proposed rate
Basic allowance	£4,900 (notionally 65 days at £75.40 per day)	£5,020 (65 x £77.23)
Chairman of the Council	£4,900 + £3,675 + civic expenses (Basic allowance + $\frac{3}{4}$ basic allowance)	£5,020 + £3,765
Vice Chairman of the Council	£4,900 + £2,450 (Basic allowance + $\frac{1}{2}$ basic allowance)	£5,020 + £2,510
Leader of the Council	£4,900 + £7,350 (Basic allowance + $1\frac{1}{2}$ basic allowance)	£5,020 + 7,530
Deputy Leader of the Council	£4,900 + £3,675 (Basic allowance + $\frac{3}{4}$ basic allowance)	£5,020 + 3,765
Committee Chairmen & Chairmen of Area Panels	£4,900 + £3,675 (Basic allowance + $\frac{3}{4}$ basic allowance)	£5,020 + 3,765
Chairman of Standards Committee	£3,675 ($\frac{3}{4}$ basic allowance)	£3,765
Group Leaders	One basic allowance + either £1,030 p.a. or £111 x group membership as at 1 st	£1,055 (or £114 x group

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	April (subject to a minimum group size of 2) which ever is the greater.	membership)
Members of the Development Control Committee	£4,900 + £490 (Basic allowance + 6½ days at £75.40 per day)	£5,020 + £502 (£77.23)
Carer's allowance	£10 per hour	No change
Travel rates	Cars and vans – 40p (up to 10,000 miles p.a.) Each passenger making the same business trip – 5p Motorcycles – 24p Pedal cycles – 20p	No change

Whilst recognising the critical financial position in which the Council finds itself, we recommend that the increase should not be deferred, either now or in the following year, to prevent creating a 'log-jam' effect in which a catching up exercise would have a significant financial impact.

If it becomes necessary to consider the effect of a future increase in the workload of councillors resulting from the G2 planning application for the expansion of Stansted Airport, the preparation of the Local Development Framework, the Local Strategic Partnership, or a combination of all three, we recommend that the Panel reconvene, if invited by the Council to do so, to consider whether any special payments are appropriate.

Background Papers

Guidance and advice from the LGA on Members' allowances, including comparative data.

The report to the Finance and Administration Committee on 15 January 2008 and the Minutes of that meeting.

The current committee structure and the role of councillors.

Previous reports of this Panel.

Impact

Communication/Consultation	Councillors have been consulted, through their group leaders.
Community Safety	No impact.
Equalities	No specific impact.
Finance	The provisional budget assumes a 2.5% increase. If this does not happen, the resultant saving will be £7,090.
Human Rights	No specific implications.

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Legal implications	No specific implications.
Ward-specific impacts	No specific ward implications.
Workforce/Workplace	All staff are being kept informed about the Council's budget position.

Situation

1 The membership of the Independent Remuneration Panel is:

- Stephen Bennett (Chairman) – Secretary and Clerk to Anglia Ruskin University.
- Martyn Fiddler – local resident and consultant on aviation customs duties and VAT.
- David Murtagh – local resident and senior advisor in the Ministry of Defence.

From 1 May this year, David Barron will replace Martyn Fiddler as a member of the Panel. David Barron is a local resident and Chairman of the Mid Essex Primary Care Trust. He attended our meeting as an observer and agreed with the conclusions we reached. The Panel wished to place on record its appreciation for the work carried out by Martyn Fiddler as a valued member of the Panel since its inception in 2001.

2 In this report we consider and make recommendations on:

- The annual increase in the basic, special responsibility and carer's allowances.
- The recommendation of the Finance and Administration Committee that allowances be frozen at the 2007/08 level and that no backdating of any deferred increase take place in the following year.
- The necessity of making special payments in the future should the workload of Members increase significantly in relation to the anticipated Stansted Airport planning application, the LDF process, or the LSP.
- A more fundamental review of the allowances system based on a study of relevant and updated comparative data.

Review of allowances for 2008/09 and the recommendation of the Finance and Administration Committee

3 We took into account the recommendation of the Finance and Administration Committee that all allowances be frozen next year and that there should be no backdating of any deferred increase in the following year. This proposal has yet to be considered by the Council but we recognise the realities of the

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Council's underlying financial difficulties are such that the Council is likely to endorse this approach.

- 4 The Panel nevertheless believes that a proper review should be undertaken to ensure that the allowance scheme remains valid. We believe it is the role of the Panel to undertake such a review and form an independent view of what should be the current 'going rate' to aid member recruitment and retention, and to provide an element of recompense. Evidence from the LGA suggests that elected members generally are underpaid for what they do, even taking account of the public sector discount.
- 5 In view of all of these factors, we are concerned that it may not prove easy to catch up in future years with deferred increases because the 'log-jam' effect will create significant financial pressures that may prove difficult for the Council to confront.
- 6 We also considered the possibility of change in the Council's committee structure. The Panel would normally have met last year to consider the allowances applicable next year but the meeting was deferred until early February because of a delay in deciding what the committee structure would be. It is now understood that the structure will not change in the near future and the allowances were considered on that basis.
- 7 We therefore recognise that no fundamental changes to the scheme are required this year. The Panel is aware of three major issues that may result in a significant additional workload for Members, namely the submission of the second runway application at Stansted Airport, the agreement of a Core Strategy as part of the LDF process, and the Council's LSP obligations. Mr Snow advised that the G2 application was almost certain to be called in by the Government, and that there was no indication that any of these major issues would result in significant additional pressures on Member time in terms of extra meetings. If any of these issues creates a disproportionate level of activity we would be prepared to examine the impact on allowances either later this year, or retrospectively next year, if invited to do so.
- 8 We are aware of the views expressed by the Finance and Administration Committee and understand the reasons for the recommendation. However, the Panel has a duty as an independent body to consider the level of allowances it thinks is appropriate and to reflect that view in the recommendations brought forward. The Council must therefore decide whether to accept or reject our recommendations.
- 9 No adjustment is proposed to the carer's allowance or to the current mileage rate but these will be kept under review.

Special payments for additional work undertaken

- 10 Please refer to the comments in paragraph 7 above about the potential for significant extra work to take place associated with the G2 application, the LDF, and the LSP. We will be pleased to reconvene at any point during the year, if invited or required to do so, to consider the impact upon the allowance

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scheme of any major additional workload resulting from one, or more, of these issues.

A more fundamental review using updated comparative data

- 11 In considering our recommendations, we took account of information about members' allowances collected in 2006 by the LGA. We also considered comparative information collected from a range of other authorities in the East of England. We noted that the 2007 data would probably not be available until March 2008 at the earliest and that more up to date comparisons could not be made at this review. Mr Snow was asked to obtain more up to date data from suitable neighbouring authorities and to indicate the type of structure, cabinet or otherwise, applicable in each case. He was also asked to indicate the population size and approximate turnover of each of the councils indicated for comparison purposes.
- 12 We recommend that a more fundamental review of the allowance scheme should be undertaken at the next review, to ensure that it remains viable, and that a further consultation exercise should be undertaken at that time, including the submission of a questionnaire to each member.
- 13 To enable this to happen, and to allow the two new panel members the opportunity to familiarise themselves with the work of the Council and its committees, we would wish, with your agreement, to arrange a series of visits to some of your meetings.
- 14 We submit this report, with the recommendations listed above, for consideration by the Council.

Risk Analysis

Risk	Likelihood	Impact	Mitigating actions
A danger that Member allowances do not remain set at a competitive level	High	Medium	The annual review process