

Report of the Independent Remuneration Panel for 2009/10

Full Council, item 1

Committee:	Full Council	Agenda Item
Date:	19 February 2009	1
Title:	Report of the Independent Remuneration Panel for 2009/10	
Author:	Stephen Bennett, David Barron 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 19 February 2008, the Council agreed to set aside the recommended increase in Member allowances in 2008/09 which therefore remained frozen at 2007/08 levels. The expectation of Members was that no backdating of any deferred increase should be made in the following year. The Panel recognises the Council's continuing financial difficulties, but nevertheless takes the view that an across the board increase is essential to maintain the value of the allowances and to continue to encourage widespread public participation in the Council's membership. The report offers illustrative options for the Council's consideration, as explained below.

The Panel also recommends that a payment should be made to independent and town and parish council members of the Standards Committee, equivalent to the payment to members of the Independent Remuneration Panel.

Recommendations

We offer the Council the following options to increase the Member allowance rates in 2009/10 (an increase of 2.45% depending on the starting point chosen):

Type of allowance	Present rate	Option 1 – increase existing rate	Option 2 – increase on set aside rate for 2008/09
Basic allowance	£4,900 (notionally 65 days at £75.40 per day)	£5,020 (65 x £77.23)	£5,145 (65 x £79.15)
Chairman of the Council	£4,900 + £3,675 + civic expenses (Basic allowance + $\frac{3}{4}$ basic allowance)	£5,020 + £3,765	£5,145 + £3,860

Author: **Stephen Bennett, David Barron and David Murtagh assisted by Peter Snow**

Page 1

Item 1/1

Version date: 6 February 2009

Report of the Independent Remuneration Panel for 2009/10

Full Council, item 1

Vice Chairman of the Council	£4,900 + £2,450 (Basic allowance + ½ basic allowance)	£5,020 + £2,510	£5,145 + £2,570
Leader of the Council	£4,900 + £7,350 (Basic allowance + 1½ basic allowance)	£5,020 + 7,530	£5,145 + £7,720
Deputy Leader of the Council	£4,900 + £3,675 (Basic allowance + ¾ basic allowance)	£5,020 + 3,765	£5,145 + £3,860
Committee Chairmen & Chairmen of Area Forums (excluding Staff Appeals)	£4,900 + £3,675 (Basic allowance + ¾ basic allowance)	£5,020 + 3,765	£5,145 + £3,860
Chairman of Standards Committee	£3,675 (¾ basic allowance)	£3,765	£3,860
Group Leaders	One basic allowance + either £1,030 p.a. or £111 x group membership as at 1 st April (subject to a minimum group size of 2) which ever is the greater.	£1,055 (or £114 x group membership)	£1,080 (or £117 x group)
Members of the Development Control Committee	£4,900 + £490 (Basic allowance + 6½ days at £75.40 per day)	£5,020 + £502 (£77.23)	£5,145 + £515 (£79.15)
Carer's allowance	£10 per hour	No change	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	No change

It is recommended strongly that one of these two options is selected and that the Council addresses at some stage the growing gap between the existing basic allowance and the Local Government Association's recommended daily rate, even taking account of the public sector discount.

It is also recommended that the three independent members of the Standards Committee and the three town and parish council representatives should each receive a payment of £500 (equivalent to the level of remuneration to members of the Independent Remuneration Panel), in addition to any payment made to the Chairman of that Committee.

Background Papers

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

Author: **Stephen Bennett, David Barron and David Murtagh assisted by Peter Snow**

Page 2

Item1/2

Version date: 6 February 2009

Report of the Independent Remuneration Panel for 2009/10

Full Council, item 1

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 budget assumes a 2.45% increase. Under the options presented, the additional cost will be £10,390 and £16,900 respectively. However, the reduction in area panels brought about a saving, in 2008/09, of £3,675.
Human Rights	No specific implications.
Legal implications	No specific implications.
Ward-specific impacts	No specific ward implications.
Workforce/Workplace	No specific implications.

Situation

1 The membership of the Independent Remuneration Panel is:

- Stephen Bennett (Chairman) – Secretary and Clerk to Anglia Ruskin University.
- David Murtagh – local resident and senior advisor in the Ministry of Defence.
- David Barron – local resident and Chairman of the Mid Essex Primary Care Trust

From 1 May this year, Stephen Bennett will retire as a member of the Panel. Arrangements will be made shortly to advertise for a replacement. This will be for a four year term. Mr Bennett has been a member since the Panel's inception in 2002 and he is thanked for the valuable contribution he has made over that time. He acted as Chairman of the Panel for this year's review.

In this report we consider and make recommendations on:

- The annual increase in the basic, special responsibility and carer's allowances.
- The decision of the Council in February 2008 that allowances be frozen at the 2007/08 level and the implication that no

Report of the Independent Remuneration Panel for 2009/10

Full Council, item 1

backdating of any set aside increase would take place in the following year.

- The need to address the growing gap between the Council's basic allowance and the LGA's recommended daily rate, even taking account of the public sector discount.
- As a result of that need, the Panel's intention to conduct a more fundamental review of the allowances system during 2009 based on a study of relevant and updated comparative data.

Review of allowances for 2008/09

- 2 We noted that our recommendation for a 2.475% increase in Member allowances in 2008/09 had been set aside at the Council meeting on 19 February 2008. The Council's intention appeared to be that the set aside increase should not be re-instated in the coming year.
- 3 The Panel had offered to re-convene if it became necessary to consider the effect of an increase in workload brought about by factors such as the G2 application, the LDF process, or the LSP. In the event, there were no factors justifying the recall of the Panel.
- 4 The Panel continues to believe that a proper review needs to 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 It did not unfortunately prove possible to undertake the fundamental review of the allowance scheme that had been intended this year. There was no opportunity for this to happen in 2008/09. The Panel remains acutely aware of the Council's continuing financial difficulties and the need to exercise restraint.
- 6 However, the Panel wishes to carry out a proper review of allowances in 2009 with a view to making appropriate recommendations in relation to 2010/11. It is therefore intended to undertake such a review commencing later this year. The review is likely to involve a programme of visits to meetings, interviews with committee chairmen and other Members, and an examination of comparative data.
- 7 As we said at the time of the last review, 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.
- 8 If Members accept the case for an increase to be applied, there are two options for consideration. The Panel's clear preference would be for the

Report of the Independent Remuneration Panel for 2009/10

Full Council, item 1

Council to accept the increase of 2.45% - in line with the annual pay award to local government employees - to be based on last year's proposed rate, thus maintaining a better fit between the allowance and the LGA's recommended daily rate (option 2). A notional saving will still have been made as the increase would not be backdated. However, if Members are unwilling to accept this option, the Panel's clear recommendation is to sanction an increase on current rates, equivalent to the annual pay award, as shown in the table on pages 1 and 2 (option 1).

- 9 The financial consequence of adopting the increases shown in the table has been calculated as an additional cost to the Council of £10,390 for option 1 and £16,900 for option 2. Option 1 is equivalent to a total increase for this budget head of approximately 3.7% and should therefore be manageable.
- 10 Whatever is decided, Members are reminded that they always have the option to forgo any part of their entitlement to an allowance by giving notice in writing to the Chief Executive.
- 11 The original report of this Panel, in 2002, concluded that the commitment per week to fulfil the ordinary duties of a councillor is 65 days per annum. The basic allowance then was set at £4,166, calculated at the LGA's daily rate of £98.60, less the agreed public service discount of 35%. This analysis was accepted by the Council and has been used as the basis for calculation ever since.
- 12 Unfortunately, the passage of time has eroded the real value of the basic allowance and this can be demonstrated as follows. The LGA's most recent daily rate is £142.77 (LG alert 56/08 of 26 March 2008). Applying the agreed public service discount of 35% gives a daily rate of £92.80 which multiplied by 65 gives a notional basic allowance of £6,032. As Members will see from an examination of the earlier tables, the current rates are £75.40 and £4,900 respectively.
- 13 The Panel accepts that addressing this gap will provide a significant challenge for the Council, such that it will take perhaps a number of years to redress the balance. We are realistic enough to understand the difficulty this will cause, especially in the present climate. For this reason, we believe the Council should, at the very least, agree an allowance scheme that will prevent the gap from widening even further.
- 14 We also considered the prospect of change in the Council's committee structure, and some changes that have already taken place. We noted that the only substantive change this year has been the substitution of two area forums, each meeting three times a year, for the three previous area panels, each meeting five times annually. Although the workload of the chairmen of those groups has probably diminished slightly, we make no recommendation about an adjustment of special responsibility allowance at this stage. We note that the Council intends to undertake its own review of the success of the new forums after 12 months of operation.

Report of the Independent Remuneration Panel for 2009/10

Full Council, item 1

- 15 We also noted the possibility that a cabinet model of decision making might, at some future point, be introduced but that this could not happen until after the 2011 elections.
- 16 The Council has invited the Constitution Working Group to review present committee and other member representation arrangements, as part of the preparation of a new corporate plan, and to report back before May 2009.
- 17 We were asked to examine two further matters. First, the Council had invited us to review the case for introducing a SRA for committee vice-chairmen. Second, a letter had been received from the Association of Independent Members of Standards Committees in England (AIMSce) inviting the Council to consider making payments to independent members of Standards Committees.
- 18 We considered both of these matters. On the first point, we feel there is presently insufficient evidence of additional work undertaken by vice-chairmen to justify a proposal at this stage. The Panel recommended in 2006 that no SRA is paid to committee vice-chairmen and this was accepted. We will return to this matter as part of our next review. On the second point, we did feel there was merit in the case made by AIMSce and consider that a payment should be introduced. In our view, it is appropriate for the Council to consider benchmarking that payment against the payment made to members of the Independent Remuneration Panel and that is our recommendation.
- 19 The Standards Committee meets at least five times annually and it is noted that independent members play a key role in the Committee's functions. There is a new responsibility for the Committee to consider complaints made about district, town and parish councillors involving potential breaches of the Code of Conduct. When a complaint is received a sub-committees will be formed to determine whether or not it should be referred for investigation. If there is required to be a review of a decision not to investigate a complaint, a separate sub-committee is formed to review that decision.
- 20 An independent member acts as chairman of each of these bodies and one of the independent members already receives a SRA for acting as Chairman of the main committee. The proposed payment is intended to be in addition to that allowance. The Panel noted that independent members could already claim financial loss allowance and travel subsistence payments where appropriate.
- 21 From the standpoint of fairness, we consider that this payment should be extended also to the three town and parish council representatives serving on the Standards Committee. The role of those three members is essentially similar, as is the level of commitment required. Although their legal duty is to attend only at meetings where town and parish council matters are being discussed, they are regarded as full members whose attendance is expected.
- 22 Other than the matters already mentioned, we therefore recognise that no fundamental changes to the scheme are required this year.

Report of the Independent Remuneration Panel for 2009/10

Full Council, item 1

- 23 The Panel has a continuing 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 now decide whether to accept or reject our recommendations.
- 24 No adjustment is proposed to the carer’s allowance or to the current mileage rate but these will be kept under review.

Conclusions and future programme of actions

- 24 As stated above, we decided that circumstances and the time available did not allow us to conduct the fundamental review of Member allowances that we believe is needed. We remain very concerned that the Council’s allowance scheme, for understandable reasons of financial necessity, will become increasingly out of line with those operated elsewhere, and might act as a discouragement to members of the public who may wish to consider becoming councillors in the future. For this reason, we strongly urge the Council not to set aside an increase this year and to give due consideration to the impact of the decision taken last year.
- 25 We have taken the opportunity to meet with the Leader of the Council and other group leaders to emphasise the importance we attach to this view. We intend to return to the fundamental review we had planned later this year. This will clearly be dependent on the continuing co-operation of all Members.
- 26 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	3	3	The annual review process

- 1 = Little or no risk or impact
- 2 = Some risk or impact – action may be necessary
- 3 = Significant risk or impact – action required
- 4 = Near certainty of risk occurring, catastrophic effect or failure of project