

Committee: Council

Agenda Item

Date: 17 April 2012

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Title: Report of the Independent Remuneration Panel for 2012/13

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Item for decision

Summary

1. The Independent Remuneration Panel has met over the autumn to consider appropriate future patterns of allowances, taking into account the effects of the recent move to a Cabinet form of governance within the Council.
2. It has concluded that in the current economic circumstances any recommendations should overall be cost neutral.
3. It has also concluded that the process of 'bedding in' the new cabinet and committee systems is still on-going, and that it is not yet possible to reach firm long-term recommendations in all cases. This report therefore proposes an interim scheme of allowances for 2012/13. It will be followed by more detailed analysis during coming months, including a survey of members, with a view to producing a substantive and robust scheme of allowances for 2013/14.
4. Following the discontinuation of the earlier Local Government Association's daily rate last year, from which the formula used to calculate the basic allowance has hitherto been derived, the Panel has adopted the annual reports from the Annual Survey of Hours and Earnings (ASHE), which gives detailed comparative data on earnings and allowances for the Uttlesford area. The 2011 figures which were published in December have been referred to in determining the basis for the calculations.

Recommendations

5. The Panel recommends that the basic, special responsibility and other allowances set out in the final column of the following table should be adopted to have effect for the year 2012/13.

Type of allowance (Basic Allowance)	Existing Scheme	Recommended scheme
Basic allowance	£5,000 (notionally 65 days at the daily rate)	£5,000 (notionally ten hours per week, or 65 days annually, determined at the hourly rate based on figures derived from the Annual Survey of Hours and Earnings (ASHE) by place of residence in Uttlesford

Type of allowance (Special Responsibility Allowances - SRA)	Existing Scheme	Recommended Scheme
Chairman of the Council	£4,000 (80% of basic allowance) + civic expenses	£4,000 (80% of basic allowance) + civic expenses
Vice Chairman of the Council	£2,000 (40% of basic allowance)	£2,000 (40% of basic allowance)
Leader of the Council	£7,500 (150% of basic allowance): total including group leader's allowance = £11,376	£11,250 (225% of basic allowance): total to be paid now excludes group leader's allowance
Deputy Leader of the Council	£3,750 (75% of basic allowance)	£4,250 (85% of basic allowance)
Members of the Executive	£3,750 (75% of basic allowance)	£4,250 (85% of basic allowance)
Chairmen of Overview and Scrutiny Committees	£3,750 (75% of basic allowance)	£3,750 (75% of basic allowance)
Chairman of Planning Committee	£3,750 (75% of basic allowance)	£3,750 (75% of basic allowance)
Chairmen of Licensing and Standards Committees	£3,750 (75% of basic allowance)	£2,500 (50% of basic allowance)
Chairmen of Area Forums	£2,000 (40% of basic allowance)	£1,500 (30% of basic allowance)
Members of Planning Committee	£385 (5 days at the daily rate)	£385 (5 days assessed at the ASHE rate)
Group leaders	Either £1,055 or £114 x group membership whichever is the greater (subject to a minimum group size of two)	Leader of the largest opposition group @ 40% (£2,000); all other group leaders (not applicable to the majority group leader) @ 15% (£750)
Note: conditions relating to payment of one or more SRA	Existing Scheme	Recommended Scheme
Multiple payment of Special Responsibility Allowances (SRA)	Only one SRA is payable to a member at any one time (the higher of the two or more to which a member is entitled) but group leaders remain entitled to receive a maximum of one additional SRA	Only one SRA is payable to a member at any one time (the higher of the two or more to which a member is entitled)

Co-optees' Allowance	Existing Scheme	Recommended Scheme
Independent and town and parish council representatives on the Standards Committee	£500 – benchmarked against the payment made to members of the Independent Remuneration Panel	£500
Travel and subsistence and carers' allowances	Existing Scheme	Recommended Scheme
Carers' allowance	£10 per hour	£10 per hour
Travel and subsistence allowances	As set out in the allowances scheme (see Members' handbook, part 6)	No change (travel rates are based on HMRC approved rates)
Application of Pension Scheme to Members	Existing Scheme	Recommended Scheme
Local Government Pension Scheme (LGPS)	Members under the age of 75 are entitled to elect to join the LGPS upon application in respect both of the basic allowance and any SRA to which the member is entitled	Members under the age of 75 are entitled to elect to join the LGPS with effect only from the date of application in respect both of the basic allowance and any SRA to which the member is entitled
Reimbursement of DPA expenses incurred by any member in the performance of their duties	Existing Scheme	Recommended Scheme
Data Protection Registration	A councillor may claim reimbursement of the data protection registration fee upon production of the appropriate receipt	No change

6. The Public Service Discount of 35% should be maintained. The number of hours which members spend per week on Council business has been based on an earlier assessment of 10. The Panel wishes to examine how the new structures will affect this assessment, and that when the new system is 'bedded in', probably by April 2012, further work, including a survey of members, needs to be carried out to validate or vary the earlier assumptions.

7. The Panel has compared the overall level of allowances against those applied by local and other comparator councils. Uttlesford overall compares in the upper quartile, and this, together with other evidence including the ASHE

figures, has led the Panel to conclude that no increase to the Basic Allowance is required this year – even if one would have been felt acceptable in the current economic circumstances.

8. As an interim measure, the Panel has reviewed the trend of changes to both time commitments and levels of responsibility demanded by the new Cabinet structure, and have made a number of adjustments to the levels of the SRAs in response (see under financial implications below). These changes will be re-assessed after the more detailed examination planned for the coming months.
9. In order to achieve a cost neutral set of recommendations, while responding on an interim basis to significant changes to the way the Council works, there will inevitably be “winners” and “losers”. The Panel has attempted to produce a fair and balanced interim scheme of allowances, which makes some recognition of the changes in responsibility of selected appointments while noting that the Council’s working arrangements are continuing to bed-in.
10. We take the view that no backdating of pension scheme applications should be allowed. This confirms what we have always understood to be the position but had not previously been explicitly stated, and is consistent with the operation of the scheme for local government employees. Any discretion to backdate member applications to join the scheme would have financial consequences arising from additional employer contributions and we feel this would not be appropriate.

Financial Implications

The recommendations in the report are estimated to be broadly cost neutral but this will depend on the appointments to be made at the annual council meeting on 15 May.

11. **Basic Allowance (BA)**

The Panel recommends no increase from the current level of £5,000 pa.

12. **Special Responsibility Allowances (SRA)**

No changes are recommended for either the **Chairman** or the **Vice Chairman** of the Council, at 80% and 40% respectively, i.e. £4,000 and £2,000.

For the **Leader**, it is clear that the Cabinet structure has increased the time commitments and levels of responsibility, and therefore the Panel recommends an increase in the level of SRA from 150% to 225% or £11,250. Similarly the role of **Deputy Leader** is increased, with a corresponding SRA increase from 75% to 85% - (£4,250), and for **Executive Members** also to 85% (£4,250).

We felt there was no justification for any payment to be made to **deputy portfolio holders** as the position carries no executive power or responsibility, even in a deputising capacity.

For **Committee Chairmen** the implications of the new system are mixed. For the Overview and Scrutiny and Planning Committees, the percentage SRA is recommended to be maintained at 75% (£3,750), while the roles of both the Licensing and Standards Committees, and therefore the demands on the Chairmen, have altered, with a corresponding decrease in the SRA from 75% to 50% (£2,500).

The justification for a decrease in SRA for these two roles is that the number of scheduled meetings has decreased and there is a corresponding need to mark a clear distinction between these committees and the overview and scrutiny committees, both of which have assumed an enhanced profile in the context of the executive system, and that of the Planning Committee which meets on a more frequent basis.

The role of the **Area Forum Chairmen** has not altered this year but the reduced number of meetings since 2009 and the fact they are now purely consultative justifies, in our view, a decrease in SRA from 40% to 30% (£1,500), especially bearing in mind the other changes highlighted in this report.

There was considerable debate over payments to **Group Leaders**, and it was concluded that adjustments were needed to reflect the Council's new operating model. It was therefore agreed to recommend that the SRA be withdrawn from the majority group leader, who it was assumed would in all circumstances also be the Council Leader, and that the leader of the largest opposition group should receive an SRA of 40% (£2,000.00) and all other group leaders, with a membership of at least 2 members, an SRA of 15% (£750). As a result of the restructuring of the Leader's and group leaders allowances, we are recommending that the provision allowing the payment of a second SRA to group leaders should be withdrawn from the scheme.

The recommendation for members of the **Planning Committee** is that they should continue to receive an allowance equivalent to 5 days payment at the relevant daily rate. Independent town and parish representatives on the **Standards Committee** should continue to receive an allowance of £500.

As already noted, the net effect of these recommendations is broadly cost neutral. The cost of the allowances scheme in 2012/13 will at most total **£288,505**, but that will depend on appointments to be made at the Annual Council meeting in May.

The Panel

13. Following the resignation of Lucy Carr during 2011, the Panel now consists of the following members:

- David Barron (Chairman of the Panel) and now Chairman of the Princess Alexandra Hospital Trust, Harlow
- David Murtagh – senior advisor in the Ministry of Defence
- John Nowell – a former senior finance officer in local government

14. David Murtagh's term of office was extended for one further year until August 2012 and this report therefore marks his final involvement as a member of the Panel. The Panel and officers wish to record their appreciation to David for his valued contribution to the work of the Panel, and especially for his calm and patient chairmanship of the past two years.
15. Similarly, David Barron's term of office was extended by one year until April 2013. Next year's report will therefore mark his final participation in the work of the Panel. David has acted as this year's chairman.
16. John Nowell was appointed for a four year term of office commencing in August 2011. John has a wealth of experience in local government and is welcomed as a new member of the Panel. He replaces Lucy Carr who moved away from the district in late 2010 and submitted her resignation last year.
16. The Panel wish to record their thanks to Peter Snow for his support in the preparation of this report, and to the Chief Executive and the three Group Leaders for their helpful contributions to the Panel's deliberations.

Background Papers

17. The following papers were referred to by the Panel in the preparation of this report and are available for inspection from the lead officer for this report.

*Comparative data from other authorities in the Eastern and South-East regions
Nomis official labour market statistics of the Office for National Statistics
(ASHE figures)*

A Review of Members' Allowances for Cambridgeshire County Council

Guidance on Members' Allowances for local authorities in England

Guidance on the Local Government Pension Scheme for Eligible Councillors in England and Wales

Impact

Communication/Consultation	The Panel has consulted with the political group leaders to assist with the process of evaluating the impact of the change to an executive model of operation
Community Safety	No impact
Equalities	No impact
Health and Safety	No specific implications
Human Rights/Legal Implications	No specific implications
Sustainability	No specific implications

Ward-specific impacts	No specific ward implications
Workforce/Workplace	No impact

Risk Analysis

Risk	Likelihood	Impact	Mitigating actions
That member allowances do not continue to be set at a realistic level and will jeopardise the future recruitment of elected members	2 – it is necessary to monitor the level of allowances to ensure that the commitment and responsibilities demanded of members is recognised	2 – the possibility that the Council may be less well governed if allowances are not set at a realistic level, but there is presently no evidence that this is likely to happen	Continue to monitor the allowances paid against the time commitment and levels of responsibility demanded

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.