

Committee: Full Council

Agenda Item

Date: 10 December 2013

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Title: Report of the Independent Remuneration Panel for 2014/15

Authors: John Nowell, Jackie Anslow and Janet Pearson assisted by Peter Snow

Item for decision

Summary

1. In making or amending any scheme of allowances, the Council is obliged to have regard to the recommendations of an independent remuneration panel but is not bound by them.
2. The Independent Remuneration Panel has been meeting since July 2013 to consider the appropriate structure of the allowances scheme to apply in 2014/15. The Panel has decided to reconfirm the position outlined in its previous report to Council (on 28 February 2013) to recommend to you a three year plan to reconcile the allowances paid to the positions of responsibility and structures in place as part of the executive system operated at Uttlesford since May 2011. If these principles were accepted, the allowances paid to members with special responsibility would reach the desired outcome by year 2015/16 (please refer to appendix A for indicative figures).
3. The Council decided last year to accept the recommendations put forward by the Panel for 2013/14, subject to minor adjustments to change the allowances paid to some committee chairmen and committee members.
4. The Council has therefore already accepted the principle of changing the structure of the allowances scheme to more closely reflect the reality of decision making mechanisms operating within the authority. This report continues with the theme of overhauling the allowances system, although there are caveats attached to the recommendations being presented (see paragraphs 20 to 25 of the report).
5. Having said that, it is well understood by the Panel that the Council must consider each set of recommendations in isolation and cannot commit to changes in the future. This report does not ask the Council to accept that further specific changes will be necessary, only to accept that the changes recommended for 2014/15 are part of a longer term approach adopted by the Panel. Of course, the Council retains discretion to accept, reject or change the proposals presented on the occasion of each annual review.
6. It is again proposed to leave the basic allowance unchanged. This is because, as noted in the last two years, the basic allowance of £5,000 is in the upper range of those in operation at similar size councils in Essex and elsewhere.
7. The conclusions reached last year were based on extensive benchmarking both within Essex and elsewhere. The updated information considered this

year indicates that the Panel's three year plan is still realistic within the context of the systems operated in those comparator authorities.

8. The Panel aimed last year for a broadly cost neutral set of proposals (there was actually a small increase of 0.6% in the overall cost of the scheme). The proposals for 2014/15 will, if accepted in full, result in a 2.5% increase in the members' allowance budget. In the year after that, whatever the outcome of the review of allowances, it is likely that costs will fall as a result of the reduction in Council size from 44 to 39.
9. It has been noted that, for the first time since 2009/10, local government employees have been awarded a pay increase of 1%, backdated to April 2013. In a number of previous years prior to 2008/09, allowances were increased across the board by the percentage rise in local government pay. This is one possible approach to allowances but we do not advocate doing this for the reasons already explained. However, the 1% rise does allow the Council some scope to provide for an uplift.
10. The Panel will continue to review the way in which the executive scheme operates at Uttlesford and will take that into account in making future proposals. One factor to be considered will be the extent to which, if at all, the executive system is underpinned by a meaningful scheme of delegation to facilitate swift and effective decision making.
11. For all of the reasons outlined in this report, the Council is urged to accept the recommendations made by the Panel in full.

Recommendations

12. That the Council adopts for 2014/15 the recommended allowances set out in the following table.

Type of allowance	Existing scheme	Recommended scheme
Basic allowance	£5,000 (notionally ten hours per week, or 65 days annually, determined at the hourly rate derived from the ASHE survey)	£5,000 (no change)
Chairman of the Council	£4,000 (80% of basic allowance) + civic expenses	£4,000 (no change)
Vice-Chairman of the Council	£2,000 (40% of basic allowance)	£2,000 (no change)

Leader of the Council	£8,750 (175% of basic allowance)	£10,750 (215% of basic allowance)
Leader's group leader allowance	£3,000 (60% of basic allowance)	£1,500 (30% of basic allowance)
Deputy Leader	£5,250 (105% of basic allowance)	£6,500 (130% of basic allowance)
Members of the Executive	£4,750 (95% of basic allowance)	£6,000 (120% of basic allowance)
Chairmen of Overview and Scrutiny Committees	£3,500 (70% of basic allowance)	£3,500 (no change)
Chairman of Planning Committee	£3,750 (75% of basic allowance)	£3,750 (no change)
Members of Planning Committee	£462 (6 days at the ASHE rate)	£462 (no change)
Chairman of Licensing and Environmental Health Committee	£3,750 (75% of basic allowance)	£3,750 (no change)
Chairman of Standards Committee	£2,000 (40% of basic allowance)	£2,000 (no change)
Chairmen of Area Forums	£1,250 (25% of basic allowance)	£1,000 (20% of basic allowance)
Group leaders	Leader of the majority group @ 60% of basic allowance, gradually decreasing as the Leader's allowance increases (see box above); leader of the largest opposition group @ 25% of basic allowance (£1,250); other opposition group leaders @15% (£750)	No change to allowances paid to opposition group leaders but the allowance paid to the leader of the majority group is to decrease to 30% of basic allowance, before being phased out altogether
Independent members of the Standards Committee	£500 – benchmarked against the payment made to members of the Independent Remuneration Panel	No change

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	No change (however, the intention is eventually to stop the majority group leader's payment by incorporating all of the SRA attached to this position into the leader's allowance); if this is accepted the intention then is to remove the multiple payment rule
Carer's allowance	£10 per hour	Actual cost of engaging a carer up to a maximum of £15 per hour
All other elements of the scheme including travel and subsistence, and application of the Local Government Pension Scheme to remain unchanged	As set out in part 6 of the Members' handbook	No change

Financial Implications

13. The estimated cost of implementing the recommendations in 2014/15 is £302,756. This represents an increase of £7,500, or 2.5% on the existing scheme.

Background Papers

14. The following papers were referred to by the author in the preparation of this report and are available for inspection from the author of the report.

No specific background papers were referred to in preparing this report other than documents already published.

Impact

15. The impact of these proposals is described in the table below.

Communication/Consultation	In reaching its conclusions, the Panel has considered and evaluated comparative information from other local authorities in Essex. There has been no direct consultation with elected councillors as part of this year's review as extensive discussions were held last year with
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	leading members and a survey of all members was also carried out at that time.
Community Safety	No impact
Equalities	No specific impact
Health and Safety	No specific implications
Human Rights/Legal Implications	No known implications
Sustainability	No specific implications
Ward-specific impacts	No specific ward implications
Workforce/Workplace	No specific implications

Composition of this year's Panel

16. Last year's Chairman David Barron has now retired from the Panel and his place has been taken by Janet Pearson, who will now serve a four year term ending in 2017. This year's Panel consists of the following members:

- John Nowell, Chairman of the Panel and a former senior finance officer in local government, serving until August 2015
- Jacqueline Anslow, a former social worker and foster panel member, serving until August 2016
- Janet Pearson, a former accountant, serving until April 2017

Background to the review and the approach adopted by the Panel

17. In accepting the Panel's recommendations for 2013/14, with some modifications, the Council accepted that change was needed to begin to reflect the transformation in decision making structures in operation at the Council since May 2011.

18. The Panel's approach has been aimed at completing over a three year period a rebalancing of the allowances scheme by matching the roles and responsibilities of leading members more closely to the allowances payable. This year's report consolidates that approach by recommending a further uplift in the special responsibility allowances (SRA) paid to executive members. By adopting this approach the Panel hopes the Council will be able to avoid the shock of adopting major changes to the scheme in a single year while achieving the objective of ending up with a scheme of allowances that is both realistic and fit for purpose.

19. As in the review for 2013/14, the Council has benchmarked information from other Essex authorities, especially those considered to be closest in culture and method of operation to Uttlesford. Those councils are: Braintree,

Brentwood, Harlow, Maldon, Rochford and Tendring. The information considered from that group of councils has demonstrated that the basic allowance at Uttlesford remains above the average by a figure of around £250, but that the SRA payable to the leader and other executive members is below those paid elsewhere. The average SRA paid to the leader in those authorities is a multiple of 300%, 174% for the deputy leader, and 145% for executive members. The position has not changed to any material extent since the previous review.

20. However, in finalising this year's report, the Panel has considered further the way in which the Council's executive system operates in comparison to systems operated at some other councils. This direct comparison has reminded the Panel of the comment in the previous review report that: "We will continue to review in future years whether SRA should continue to rise ... in the absence of specific individual decision making powers being delegated".
21. The justification for the Council changing its model of governance from a committee based to an executive system was stated to be that it would be more responsive to changing events and would assist executive members in representing the Council's policies at external and joint committee meetings. We consider that the advantages of an executive system are being partly dissipated by the absence of specific delegations to cabinet members and the consequent need for relatively minor policy decisions to be referred to cabinet.
22. We have noted that the cabinet meets as a body every six weeks and that many of the matters referred for decision are not key decisions as defined in the constitution. From advice we have received, it appears that very few decisions are taken by the leader in person and that there is no provision for urgent or other decisions to be taken, other than, in his absence, by the deputy leader, or by the cabinet meeting collectively.
23. The Panel had not expected the executive system to operate in this way and we had gained the impression that a review of the effectiveness of cabinet arrangements would take place at some stage. Although the Scrutiny Committee has undertaken a scoping report in conjunction with a survey of members, it is not clear to us that such a review has happened.
24. In the circumstances, we feel that direct comparisons with the SRA paid at other councils where extensive delegation arrangements are in place – such as at, for example, Braintree and Rochford – are less valid than they might otherwise be. At the time this report has been approved for publication, we are not clear whether it is intended to review delegations between now and the next district elections in May 2015. We believe accordingly that the Council and/or the leader should review the need for a scheme of delegation to executive members.
25. We are also aware that our next set of recommendations will not be implemented until after that election and we cannot be sure what the circumstances will be at that time. As a result of these uncertainties, we consider that further increases in SRA, as predicated in appendix A, may not

be appropriate, unless consideration is given in the meantime to extending at least some delegated powers to individual executive members.

26. For the immediate future, relating specifically to the proposals for 2014/15, we consider that the increases being recommended are entirely valid and are supported by the benchmarking information we have gathered. This is because there is still a dis-function between the SRA paid now and the roles being undertaken. As last year's report acknowledged, the levels of commitment required of executive members exceeds that of policy committee chairmen under the previous method of governance and should therefore be clearly recognised in the allowances scheme.
27. Subject to these reservations, we are satisfied that the evidence we have seen fully justifies the proposals in this report and the Council is urged to adopt the recommendations in full.

Description of proposed changes

28. As already stated we have decided not to recommend any change in the level of the **basic allowance** paid. This decision is based on evidence received and examined in respect of neighbouring and other councils of a similar size. The basic allowance paid at Uttlesford is therefore still considered to be a little on the generous side but it is not proposed to reduce it.
29. The payment of £5,000 is very close to the figure indicated by the hourly rate derived from the Annual Survey of Hours and Earnings by place of residence in Uttlesford (ASHE), once the public service discount of 35% is applied, and therefore seems to be broadly correct.
30. Members are nevertheless reminded that they may elect at any time to forgo their entitlement, or any part of their entitlement, to allowances.
31. In examining **special responsibility allowances (SRA)**, the Panel has continued the intention signalled in the previous report of finding a satisfactory method of matching the allowances paid to the roles undertaken by those members with significant responsibilities. The key consideration in determining who should receive SRAs, and what the level of those payments should be, is the level of responsibility involved in undertaking the relevant role, and not necessarily the time taken to perform it. We have geared our proposals to this consideration.
32. The position of **Leader** remains the single key position in the Council as the person elected to that post assumes direct responsibility for the executive functions of the Council, and appoints a deputy and other executive members to assist with that process. We propose that the SRA paid to the Leader should rise from 175% of basic allowance to 215% in 2014/15. At the same time, it is proposed to reduce and then to phase out the SRA paid to the Leader in the capacity of a group leader, so that payments to the holder of this position will rise overall from £11,750 in 2013/14 to £12,250 in 2014/15.

33. Similar arrangements are proposed in the case of the **Deputy Leader** and for other **members of the executive (portfolio holders)**. For the holders of these offices we propose increases from 105% to 130% and from 95% to 120% respectively.
34. As already acknowledged in paragraph 26, we have accepted that the levels of commitment required of executive members exceeds that of policy committee chairmen under the previous method of governance and should be clearly recognised in the allowances scheme. Please also note the earlier comments about the implications for the allowances scheme of the lack of delegation to executive members as covered in paragraphs 20 to 25.
35. The Council accepted our 2013/14 recommendations for adjustments to the SRA payable to some committee chairmen but made a change to place the role of **chairman of Licencing and Environmental Health Committee** on an equal footing with that of the **Planning Committee chairman**. The Council also decided to increase the SRA payable to **members of the Planning Committee** from five days to six. Finally the Council decided to reduce the SRA payable to the **Chairman of the Standards Committee** to £2,000.
36. We decided to accept all of these changes and not to recommend any further alterations to any of these positions in 2014/15. However, we did decide to confirm our decision of last year to further reduce the SRA payable to the **chairmen of the two area forums** from 25% of basic allowance to 20%. As stated last year, the two forums have no decision making powers and meet only three times annually but they do provide a valuable public interface and act in a useful consultative capacity.
37. It is proposed that **independent members of the Standards Committee** should continue to receive a payment of £500 annually. No changes are proposed to the arrangements for travel and subsistence, or to membership of the Local Government Pension Scheme.
38. We did receive some evidence that the **carer's allowance** was not operating in a wholly satisfactory manner because the agreed rate of £10 per hour does not meet the cost incurred by members wishing to submit a claim in all instances. The allowance is intended to cover the cost of payments for the care of children or of sick or dependent relatives so as not to deter those undertaking carer duties from offering themselves for election. In view of the evidence presented we have decided to recommend to you that the allowance should cover the actual cost of providing for a carer up to a maximum of £15 per hour.
39. As previously noted, the net effect of these proposals will be to increase the cost of the allowances scheme in 2014/15 by some £7,500, or by 2.5%, to a total, excluding expenses, of £302,756. It is anticipated that this increase will be a one year blip caused by the need to continue to rebalance the scheme, and will be reversed from 2015/16 when the Council's membership is reduced. The Council is recommended to accept these changes in full.

Risk Analysis

40. The risk analysis is set out below.

Risk	Likelihood	Impact	Mitigating actions
That member allowances do not continue to be set at a realistic level reflecting jobs undertaken and may jeopardise the recruitment of elected members	3 – allowances paid to portfolio holders do not reflect the time commitment and level of responsibility demanded	3 - the Council may be less well governed if allowances are not set at a realistic level and future recruitment of members may be affected	Adopting a suitable scheme of allowances taking account of relevant levels of responsibility

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.

REPORT OF THE INDEPENDENT REMUNERATION PANEL 2014/15

APPENDIX A

Type of allowance	Existing scheme 2013/14 £	Cost in 2013/14 £	Proposed scheme 2014/15 £	Cost in 2014/15 £	Possible scheme 2015/16 £	Cost in 2015/16 £
Basic allowance	5,000 x 44	220,000	5,000 x 44	220,000	5,000 x 39	195,000
Special Responsibility Allowances						
Chairman	4,000 (80%)	4,000	4,000 (80%)	4,000	4,000 (80%)	4,000
Vice- Chairman	2,000 (40%)	2,000	2,000 (40%)	2,000	2,000 (40%)	2,000
Leader	8,750 (175%)	8,750	10,750 (215%)	10,750	12,750 (255%)	12,750
Leader's group leader SRA	3,000 (60%)	3,000	1,500 (30%)	1,500	0 (phased out)	0
Deputy Leader	5,250 (105%)	5,250	6,500 (130%)	6,500	8,250 (165%)	8,250
Portfolio holders	4,750 (95%) x5	23,750	6,000 (120%) x5	30,000	7,000 (140%)	35,000
Overview/Scrutiny Chairmen	3,500 x 2 (70%)	7,000	3,500 x 2 (70%)	7,000	3,500 x 2 (70%)	7,000
Planning Chairman	3,750 (75%)	3,750	3,750 (75%)	3,750	3,750 (75%)	3,750
Planning members	462 x 13	6,006	462 x 13	6,006	462 x 13	6,006
Licensing & EH Chairman	3,750 (75%)	3,750	3,750 (75%)	3,750	3,750 (75%)	3,750
Standards Chairman	2,000 (40%)	2,000	2,000 (40%)	2,000	2,000 (40%)	2,000
Area Forum chairmen	1,250 x 2 (25%)	2,500	1,000 x 2 (20%)	2,000	750 x 2 (15%)	1,500
Group leaders – largest opposition group	1,250 (25%)	1,250	1,250 (25%)	1,250	1,250 (25%)	1,250
Other opposition groups	750 (15%)	750	750 (15%)	750	750 (15%)	750

Independent members of Standards Cttee	500 x 3	1,500	500 x 3	1,500	500 x 3	1,500
Totals		295,256 +0.6		302,756 +2.5		284,506 -6.0