

**Committee: Full Council**

**Agenda Item**

**Date: 18 December 2014**

**4**

**Title: Report of the Independent Remuneration Panel for 2015/16**

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Item for decision

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## 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 August 2014 to consider what basic and special responsibility allowances should apply in 2015/16. In doing that the Panel has revisited the recommendations made in December 2013. Those proposals, accepted in full by the Council, were intended to be part of a long term rebalancing plan to match allowances to the positions of responsibility applicable under the executive system operated at Uttlesford since May 2011.
3. The Panel had intended to propose implementation of the final year of a three year plan to increase the allowances paid to executive members. This was intended to recognise positions of responsibility undertaken by cabinet members. We signposted in last year's report that further increases may not be appropriate in view of the way the cabinet system has developed at Uttlesford.
4. A change of executive leadership has taken place at the Council in the last few months and the composition of the cabinet has altered. The Constitution Working Group has been undertaking a review of the cabinet system and the operation of overview and scrutiny arrangements. We have noted however there has been no extension of delegation powers to individual executive members.
5. We said last year that we would continue to take account of the extent to which the executive system was underpinned by a meaningful scheme of delegation to facilitate swift and effective decision making. The present Leader has indicated clearly to us that he does not intend to extend delegation powers to individual members of the cabinet. The Panel acknowledges the operation of a collaborative leadership model fits the inclusive nature of the Council's culture of collective decision making. The outcome of the ordinary election of district councillors in May 2015 might result in a further review of decision making structures.
6. For all of these reasons, the Panel has decided to recommend postponing the main thrust of planned changes to the allowances scheme in 2015/16. Except

for some minor adjustments explained in this report, no changes are being proposed, including to the level of the basic allowance.

7. We commend our recommendations to the Council.

## Recommendations

8. That the Council adopts for 2015/16 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	£12,250 comprising £10,750 (215% of basic allowance) plus £1,500 (30% of basic allowance) for acting as leader of the majority political group	£12,250 (245% of basic allowance); allowance for acting as leader of the majority political group to be phased out and merged with the Leader's allowance
Deputy Leader	£6,500 (130% of basic allowance)	£6,500 (no change)
Members of the Executive	£6,000 (120% of basic allowance)	£6,000 (no change)
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	£1,000 (20% of basic allowance)	£750 (15% of basic allowance)
Group leaders	Leader of the majority group @ 30% of basic allowance, leading to a final phasing out of the Leader's group leader's allowance; leader of the largest opposition group @ 25% of basic allowance (£1,250); other opposition group leaders @ 15% (£750)	The Council's Leader's group leader's allowance is proposed to be phased out and merged with the Leader's allowance (see box above). No change is being proposed to allowances paid to the opposition group leaders
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	It is proposed to discontinue the multiple payment rule applicable to group leaders only; therefore remove all words after the brackets
Carer's allowance	Actual cost of engaging a carer up to a maximum of £15 per hour	No change
All other elements of the scheme including travel and subsistence expenses are to remain unchanged	As set out in part 6 of the Members' handbook	No change (but note removal of the provision enabling members to join or to participate in the Local Government Pension Scheme)

## Financial Implications

9. **The total cost of administering the members' allowances scheme was £295,256 in 2013/14, £302,756 in 2014/15 and is estimated to be £277,256 in 2015/16. The estimated saving involved in implementing the recommendations of the Panel in 2015/16 is therefore £25,500, or 8.4% on the existing scheme.**

## Background Papers

10. The following papers were referred to in the preparation of this report and are available for inspection.

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

## Impact

11. 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 and surrounding counties. The Panel has consulted with the leaders of three of the political groups as part of this year's review. A fourth political group was established after the consultation arrangements were agreed.
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

12. This year's Panel consists of the following members:

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

## Explanation of the approach adopted by the Panel

13. As in previous reviews, the Panel has benchmarked information from other Essex councils and some other neighbouring councils. The councils from which benchmarking information was obtained were Braintree, Brentwood, East Hertfordshire, Harlow, Maldon, Rochford, South Cambridgeshire, and Tendring.

14. No change is proposed to the **basic allowance** which has remained unchanged at Uttlesford since 2011/12 when it was reduced by £20. We noted in last year's report that the basic allowance of £5,000 remains quite generous in comparison with benchmarked authorities and the evidence we considered continues to support that interpretation. The average of the basic allowance paid at those councils is presently £4,800.

15. The level of the basic allowance is considered to be broadly correct, especially once the public service discount of 35% is applied. The Panel will continue to assess the suitability of the basic allowance to remunerate councillors for the time element of performing their role. The reduction in the number of district councillors from 44 to 39 may have an effect on member workload, which in turn might require a reconsideration of the basic allowance. The Panel intends to keep this issue under review.

16. In considering the appropriate level of the **Special Responsibility Allowances** payable to the **leader, deputy leader and other executive members**, the Panel took into account the way the executive model of decision making has evolved since May 2011. In framing the three year plan to match payments to the roles performed, the expectation of the Panel was that executive members would be granted some delegated decision making powers, and the cabinet as a corporate body would tend towards making only key decisions.

17. The cabinet system evolved differently under the stewardship of the previous leader and the present leader has made it clear to us he intends to continue the culture of collective decision making.

18. We recognise this is entirely a matter for decision by the leader and other members of the administration and does not detract in any way from the validity of the executive system as operated. However, the proposed increases in SRAs paid to executive members were based on assumptions about individual decision making powers which have not materialised. The

Panel accordingly recommends not proceeding with the intended increases for 2015/16.

19. Had the increases been implemented, the leader's SRA would have risen from 245% to 255% of the basic allowance, the deputy leader's SRA from 130% to 165%, and executive members' SRAs from 120% to 140%. The saving in 2015/16 of not implementing these increases is £7,250.
20. SRAs paid to executive members at Uttlesford remains below those in the benchmarked authorities by an average of between £1500 and £2000 but the Panel considers this is a realistic position given the factors mentioned in the preceding paragraphs. The Panel is aware of extensive individual delegation arrangements in place in several of those authorities, notably at Braintree and Rochford.
21. In adopting this position, the Panel is also aware of the imminence of local elections in May 2015 and feels that further reflection is needed before the executive model in operation at the Council can be fully assessed. This reinforces the decision not to recommend further changes before the election.
22. One change is being proposed to remove a clear anomaly remaining within the allowances scheme. This involves **phasing out the group leader's allowance paid to the leader of the council**. The overall effect will be cost neutral as the removed allowance will be merged with the leader's SRA. This change provides an opportunity to remove the provision allowing the payment of a second allowance to group leaders and it is being proposed accordingly.
23. One other change we do intend to confirm is to further reduce the SRA payable to the **chairmen of the two area forums** from 20% of basic allowance to 15%. As stated previously, 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.
24. We noted the removal of the right of councillors to join the Local Government Pension Scheme after 31 March 2014 and that existing members of the scheme will cease to be members at the end of their present term of office.
25. In undertaking our duty to consider the appropriate level of allowances we have noted with interest the review of the executive system by the Constitution Working Group. In particular we noted the intention signalled by the Working Group to increase the effectiveness of the way that overview and scrutiny arrangements operate within the present executive system. The Panel will consider any changes proposed to the way that executive decisions are scrutinised in time for the Panel's next report.
26. The Panel has given careful consideration to the role of **opposition group leaders** in the wake of a specific question about this element of the allowances scheme during consideration of the previous review in December 2013. Benchmarking information has indicated some disparity between the allowances paid at Uttlesford and those paid elsewhere. Again, with the uncertainties arising from the 2015 local elections, the Panel considers it

sensible to revisit this issue once the political layout becomes clear after the election and in time for the Panel's next report.

27. In conclusion the Panel is recommending only minor changes to the members' allowances scheme for 2015/16 at this time. At the next review, following the local elections, the Panel will consider:

- a) Any effect of the reduction of member members from 44 to 39;
- b) Payment levels of Special Responsibility Allowances to opposition group leaders; and
- c) Levels of SRAs to members following any clarifications and/or amendments to the Council's executive system.

28. The overall cost of the allowances scheme will be reduced by £25,500 as a result of the changes we are proposing and the impact of the reduction in membership.

#### Risk Analysis

29. 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.