

Committee: Full Council

Agenda Item

Date: 17 December 2015

4

Title: Report of the Independent Remuneration Panel for 2016/17

Author: Janet Pearson (Chairman), Jackie Anslow and David Brunwin, assisted by Peter Snow and Rebecca Dobson; Stephanie Grace participated in the review as a shadow panel member and will replace Jackie Anslow from April 2016

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 considered various amendments to the scheme of allowances, which are recommended below.

Recommendations

3. The Independent Remuneration Panel recommends the following amendments to the scheme of members' allowances:

Type of allowance	Existing scheme £	Recommended scheme £
Basic allowance	5,000	5,050 (increase of 1%)
Special Responsibility Allowances		As Special Responsibility Allowances are expressed as a multiplier of the Basic Allowance, the recommendation is that all would be adjusted to reflect the proposed 1% increase in the Basic Allowance. The phrase "no change" used in this table below signifies there is no change to the multiplier, but that the 1% increase is to be applied.

Chairman	4,000 (80% of basic allowance) + civic expenses	4,040 (no change other than as a consequence of the proposed increased Basic Allowance) + civic expenses
Vice-Chairman	2,000 (40%)	2,020 (no change other than as a consequence of the proposed increased Basic Allowance)
Leader	12,250 (245%)	12,372.50 (no change)
Deputy Leader	6,500 (130%)	6,565 (no change)
Portfolio Holders	6,000 (120%)	6,060 (no change)
Overview/Scrutiny Committee Chairmen	3,500 (70%)	3,535 (no change)
Planning Committee Chairman	3,750 (75%)	3,787.50 (no change)
Planning Committee members	462 (6 days calculated at the daily rate with reference to the basic allowance)	466.62 (based on the rate originally calculated with reference to ASHE subject to an increase of 1%)
Licensing & Environmental Health Committee Chairman	3,750 (75%)	3,787.50 (no change)
Standards Committee Chairman	2,000 (40%)	2,020 (no change)
Area Forum Chairman	1,000 (20%)	0 (payments to be phased out following abolition of the Area Forums in May 2015 – in practice payments ceased at that time)
Main opposition group leader	1,250 (25%)	3,535 (70% of basic allowance)
Other opposition group leader(s)	750 (15%)	2,020 (40%)
Independent members of Standards Committee	500	505 (no change)
Panel members of Independent Remuneration Panel	500	505 (no change)
Approved duties	As set out in Schedule 3 Part 6 of the Constitution	To include in paragraph 2 of the list of Approved Duties reference to Portfolio Lead Members
All other elements of the scheme to remain unchanged. Only one Special Responsibility Allowance may be claimed.		

Financial Implications

4. The total cost of the members' allowances scheme in 2014/15 was £302,756; in 2015/16 it was £261,908; and subject to approval, based on the proposals in this report it would be £268,073 for 2016/17. In relation to the year 2015/16 a saving of £25,000 was made, as against the previous year. This saving was due to the reduction in the number of members from 44 to 39, resulting in five fewer payments of the basic allowance of £5000. In the context of this recent significant overall reduction in the cost of the scheme, the Panel is of the view that there continues to be scope to recommend increases to some elements of the scheme, as set out below.

Background Papers

5. None.

Impact

- 6.

Communication/Consultation	All members were invited to respond to a survey on the members' allowances scheme and the Panel consulted the leaders of the three political groups.
Community Safety	None
Equalities	None
Health and Safety	None
Human Rights/Legal Implications	None
Sustainability	None
Ward-specific impacts	None
Workforce/Workplace	None

Situation

7. Since the Panel reported a year ago, there have been a number of significant events and changes for the council: the national and local elections took place, the reduction in the size of the Council has been in operation for more than six months, the Cabinet has reduced in size to five members; eleven members have been appointed as Portfolio Leads; electronic access to

agendas and all other committee information has been introduced. In the context of these changes the Panel has taken the opportunity to look at what aspects of the scheme of members' allowances should be recommended to change. The Panel's recommendations are set out in the above table and its approach is described below. In summary, the Panel is recommending:

- an increase to the basic allowance, which affects all members;
- an increase to opposition group leaders' allowances;
- no changes to any other allowances (except for the impact of the proposed change in basic allowance);
- and a small extension to an aspect of the rules for approved duties, to enable Portfolio Leads to claim necessary expenses in the performance of their duties.

8. The **basic allowance** at Uttlesford has not changed since 2011/12. The Panel recommend an increase of 1% to bring it up from £5,000 to £5,050 to reflect an increase of rates in other indices. The allowance has in the past been calculated with reference to the Annual Survey of Hours and Earnings (ASHE), and the Panel continue to prefer this source of information, as it is specific to this district and reflects local pay rates. The more commonly used index to which authorities link changes in the basic allowance, is the local government staff pay award (LGPA). Whilst the Panel continues to see the ASHE rate as a more accurate indicator of local pay rates for this district than either the LGPA or comparative data, it does not propose to link the basic allowance to ASHE. The reason for this approach is that ASHE is sensitive to local economic factors and therefore fluctuates very often, resulting in revised data becoming available every six months. This makes it impractical to link increases in ASHE to the basic allowance. Whilst the Panel wish to continue to have regard to ASHE, and will keep under review the most appropriate index to use, the Panel also note that many authorities choose instead to link changes in their member allowances to the local government staff pay award. The LGPA, which came into effect from 1 April 2014 to 31 March 2016, represents an increase in staff pay of 2.2%. As there has been no increase in the basic allowance for four years, and taking into account the two year term of the LGPS settlement, the Panel decided to recommend an increase of 1% in the basic allowance. This corresponds to the cap on public sector pay and therefore seems an appropriate measure for change.
9. The decision to increase the basic allowance by 1% has repercussions for the other allowances paid, as the majority are expressed as multipliers of the basic allowance. The above table sets out the revised amounts of the **special responsibility allowances** based on this increase.
10. The Panel recommends a change to only one category of special responsibility allowances, the allowances payable to **leaders of the opposition groups**. These allowances were identified in the Panel's report last year as requiring review. Comparative data shows that allowances paid to opposition group leaders at other authorities are in all cases substantially

higher than at Uttlesford. Whilst responses from group leaders to survey questions about their role were taken into account, the Panel was guided primarily in making its recommendation by the information showing that group leader allowances at Uttlesford lagged significantly below those payable at other authorities. The Panel recommend an increase for the main opposition group leader from 25% to 70%, and for the leader of any other opposition group an increase from 15% to 40%. The Panel consider this is a reasonable approach given that these particular allowances were significantly lower than those payable at other authorities, and that its recommendations would bring the allowances up to a comparable level with such authorities. Further, the Panel noted that there is no such role as “group leader” acknowledged in the constitution, but that Uttlesford as a council recognises the role played by the political groups and the need to enable opposition groups to organise themselves to oppose the administration. These factors are noted also in the guidance on making a scheme of allowances. Group leaders do have significant responsibilities and invest a great deal of time in ensuring their groups play a full part in enabling the Council to function. The Panel considers the roles of main and other opposition group leaders are equivalent in time investment and responsibility to, respectively, the chairman of an overview or scrutiny committee, and to the chairman of standards, and are recommending setting allowances accordingly.

11. The Panel examined whether a new allowance should be proposed in order to recognise the work of **Portfolio Lead Members**. This option had been referred to the Panel by the Leader for consideration. The Panel took account of responses to the member survey where comments were made about the Portfolio Lead role (whether or not from a member occupying that role), and from consultation during interviews with the group leaders. The Panel aimed to understand how these roles were defined, how they were working in practice, and how they were intended to develop. The Panel decided not to recommend introducing a new allowance for the position of Portfolio Lead Members. The reason for this decision was primarily because the Panel considered the role still to be evolving, with, as yet, no clear set of responsibilities or evidence of any outcomes from the work being undertaken. The Panel also considered it would be undesirable to pay special responsibility allowances to almost the entire administration group. The issue of allowances for portfolio lead members would therefore be the subject of further consideration in a future review. Nevertheless, given that duties are being undertaken by Portfolio Leads, performance of which may entail travelling or subsistence costs, the Panel recommends including reference to Portfolio Leads at paragraph 2 of the list of Approved Duties for which expenses may be claimed. The reason for this recommendation is that under the current allowance scheme, Portfolio Leads are not able to claim travelling expenses for most activities associated with this role, such as attending meetings or other events necessary for the performance of their duties. The Panel supported an amendment to enable Portfolio Leads to claim expenses associated with their role.
12. The Panel considered the role of the **leader, deputy leader and executive members** following the reduction in size of the Cabinet from seven to five

members. However the Panel decided that an increase in the special responsibility allowance for these roles could not be justified given the fact that the collective decision making culture of the executive has remained unaltered since the last review.

13. The Panel reviewed the potential need to recognise the extra responsibility involved in attending hearings as a **panel member of the Licensing and Environmental Health Committee**. The suggestion to do so was made in a member's response to the survey. The Panel's initial view was that it would be difficult to devise a payment formula that would be fair and equitable to all members of the Committee, but considered this area would justify further examination. The Panel agreed to review this question with the benefit of further evidence next year.
14. The Panel felt it was appropriate to continue making a payment in recognition of the extra time and responsibility involved in **Planning Committee** membership, but that it was not necessary to change the formula.
15. The sources of evidence the Panel relied upon included the member survey, to which there were disappointingly only 12 responses. Comments on certain aspects of the scheme were made, and although these comments did not result in a recommendation for any change, the Panel's reasons for not making recommendations in response to those comments are set out below.
16. Responses included reference to the introduction of electronic access to committee information via iPads in place of paper documents which was reported to have caused some members additional costs in printing papers. The panel do not consider there to be any justification for an increase in the basic allowance in respect of the move to electronic document access. The Panel's reasons for this approach are: the basic allowance is meant to cover the costs of printing and stationery; all members have been given iPads and have been given training on how to use them, and further IT support is available on request; a protocol has been implemented for the provision of some paper copy documents in certain circumstances.
17. Another comment received in the survey was that the reduction in the Council size has increased ward duties. The reduction in Council size was agreed by full council and members would have known in advance the size and extent of their ward. However, the Panel recognises the reduction in membership is likely to have had some impact on the representational workload of members and helps to justify a modest increase in basic allowance.
18. The Panel also considered a suggestion in the survey to change the expenses system to include all such costs within member allowances, to reduce administration for both councillors and officers. The Panel received information from officers that the time involved in checking, authorising and administering payments of expenses is not extensive or onerous. However, officers were aware that there is a range of practice as to whether members submit claims or not. The Panel note that the scheme exists to enable

members to submit claims quite properly. Whilst there are rules, members may be assured that guidance will always be available if needed. Officers will advise any member who wishes to find out more about how to submit claims within the rules of the scheme. Expenses must necessarily be disassociated from basic allowance because they reflect costs directly incurred in the performance of approved duties as opposed to the basic allowance which recognises the average assessed time commitment of all councillors.

Risk Analysis

19.

Risk	Likelihood	Impact	Mitigating actions
That member allowances do not continue to be set at a realistic level reflecting duties undertaken and may jeopardise recruitment of elected members.	2 – allowances paid to elected members 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	Adoption of a suitable level of allowances taking account 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.