

NEWCASTLE-UNDER-LYME BOROUGH COUNCIL

**INDEPENDENT REMUNERATION PANEL
REPORT TO**

Council
17 November 2021

Report Title: Recommendations of the Independent Remuneration Panel

Submitted by: Independent Remuneration Panel

Portfolios: One Council, People and Partnerships

Ward(s) affected: N/A

Purpose of the Report

To report to Council the recommendations of the Independent Remuneration Panel in respect of a Scheme of Member Allowances to take effect from the 2022/2023 municipal year.

Recommendation

That Council note the recommendations of the Independent Remuneration Panel in paragraphs 3.1 to 3.15 below.

Reasons

To update the Scheme approved by Council in 2006 and last reviewed by Council in 2019.

1. Background

1.1 Local government legislation makes provision for a scheme of allowances to be paid to elected members ("the Scheme").

1.2 The allowances paid under the Local Authority Scheme of Allowances are as follows:

- Basic Allowances – each Council must make provision in its Scheme of Allowances for a basic flat rate allowance paid to all members of the Council
- Special Responsibility Allowances – each Council also has the discretion to pay special responsibility allowances to councillors who have significant responsibilities e.g. the Leader of the Council, Cabinet Members, Committee Chairs or Opposition Group Leaders
- Dependent Carers Allowance – each Council has the discretion to pay a dependent carers allowance to those councillors who incur expenditure caring for children or other dependents when undertaking Council duties

- Travelling and Subsistence Allowance – Councils may also pay travelling and subsistence allowances to recompense members for expenses incurred whilst undertaking designated Council duties
- Co-optees Allowance – Councils may also pay an allowance to any co –opted members appointed to any of its committees

1.3 Any changes to the Scheme must be approved by full Council before the beginning of the municipal year in which they are to take effect. Before Council can approve any changes to the Scheme, it must have regard to the report of an Independent Remuneration Panel (“IRP”) consisting of at least three members who are independent from the Council.

1.4 The current Scheme was approved by full Council in 2006. It was most recently considered by Council at its 3 April 2019 meeting. During that meeting, Council resolved to retain the Scheme as it was, pending a future review. At its 19 February 2020 meeting, that review process was commenced by full Council making the following appointments to the IRP:-

- Phil Butters – Director of Estates and Development at Keele University
- Jackie Wheeler – Facilities Manager at VAST
- Eddie Leligdowicz – Director at LEMACA Ltd and Chairman of the Newcastle-under-Lyme Business Improvement District

1.5 Following Covid related interruptions, the IRP (“we”) was first able to meet on 4 March 2021. We elected Mr Leligdowicz as our chair. We received a report setting out background information to the review, explaining the current scheme, providing an analysis of the results of the 2019 member survey (**Appendix A**) and providing an extract of bench-marking data obtained by West Midlands Employers in 2019 (**Appendix B**). The IRP was also provided with a letter written by the Leader of the Conservative Group and the then Leader of the Borough Independent Group dated 25 February 2020 (**Appendix C**). This letter was updated on 5 July 2021 (**Appendix D**).

1.6 At our 4 March 2021 meeting, we asked for:-

- the 2019 Member survey to be refreshed
- the 2019 benchmarking data to be refreshed
- whether Members from comparator authorities, who hold roles which attract a Special Responsibility Allowance (“SRA”), would be prepared to provide the IRP with a view on the adequacy of those allowances
- comparative information on the activities of the Mayoralities in NuLBC and other comparator councils

1.7 This work was undertaken during April, May and June 2021.

NuLBC Member Survey

1.8 In May 2021, we (through the Head of Legal and Governance) wrote to all NuLBC Members to offer them the opportunity to respond to, or update their previous responses to the 2019 Member survey. Two members took that opportunity, bringing the total number of respondents to that survey to 26. We took the view that the two latest responses did not fundamentally differ from the previous responses received. In light of this, and the fact that that most Members did not take the opportunity revisit or respond to the survey, we concluded that the 2019 survey results represented the most up to date and accurate representation of the views of NuLBC members in this matter.

Updated Benchmarking Data

1.9 In May 2021, we were also provided with detailed, up to date bench-marking data from all of the Staffordshire councils as well as data in respect of the Local Government Association “Audit Group” councils, being councils considered to be sufficiently similar for audit/information benchmarking purposes. That information included a range of demographic and political composition comparative data. From those comparators, Cannock Chase District Council (“CCDC”) and Stafford Borough Council (“SBC”) were selected as the most directly relatable comparators in terms of demographic and political composition comparative data. A comparison table of allowances paid by CCDC, SBC and NuLBC can be found at **Appendix E**.

SRA Comparisons with Other Authorities

1.10 Information was then sought from NuLBC, CCDC and SBC councillors holding the following roles (or equivalent):-

- Leader of the Council
- Deputy Leader of the Council
- Cabinet Member (Portfolio Holder)
- Chair/Vice of Scrutiny
- Chair/Vice of Planning Committee
- Chair/Vice of Audit & Standards Committee
- Chair/Vice of Licensing/Public Protection Committee
- Leaders of Minority Political Parties
- Mayor
- Deputy Mayor

1.11 This comprised 42 separate roles in respect of which SRAs are paid. We were delighted with the level of response to this request, with representatives from 34 of these roles across all three authorities indicating a willingness to provide information to the IRP process.

1.12 Because of time constraints and diary conflicts, we were not able to hear from all of these members. A questionnaire (**Appendix F**) was, however, sent to all those Members who indicated a willingness to provide information. 11 questionnaires were returned and we took that information into account. In addition, we heard directly from

5 members across all three councils who, between them, had held a range of SRA roles.

Comparative Information on the Mayoralty

- 1.13 Comparative information on the mayoralties at each council was also obtained (**Appendix G**). In addition, one of the survey responses was from an experienced Deputy Mayor, and some of those we heard from have experience within the Mayoralty.

Travelling, Subsistence and Dependent Carers' Allowances

- 1.14 We also obtained and considered comparative information on the respective council's travelling, subsistence and dependent carers' allowance (**Appendix H**).

2. **Issues**

The Purpose of an Allowance Scheme

- 2.1 The purpose of a Scheme is to try and make recompense, to some degree, for the loss or earnings that a councillor would incur by diverting a proportion of their time away from income generating activities towards discharging the role of Councillor instead. The objective being to try and "level the playing field", to a certain extent, to attract a broad and diverse membership of councillors who, if wasn't for the recompense available through the allowance scheme, would not otherwise be able to commit themselves to the role of councillor.
- 2.2 A number of the Councillors we heard from expressed the view that the ability to attract quality candidates from diverse backgrounds was hampered by inadequate allowances and, in particular, the basic allowance. One councillor observed that the councillor demographic does not seem to have changed much since the 1970s, with those standing for office tending to be people who are retired, financially independent, employed in roles (or own businesses) which allow flexible working arrangements, or are otherwise not reliant upon income generated from a "normal" full-time job.

The Basic Allowance

- 2.3 Of the NuLBC Members who responded to the survey, 68% felt that the basic allowance should be higher.
- 2.4 The general consensus in NuLBC seems to be that the basic allowance available doesn't reflect the time, effort and expenses incurred (Wi-Fi/phone/travel), with some members mentioning in particular that there has been no uplift since Ward sizes increased, a change which placed significant additional demand on the role. Ward size changes aside, it was clear to us that this view is shared, in the round, amongst the members from the two comparator authorities that we heard from.
- 2.5 The IRP noted government guidance which states that councillors should expect to dedicate some of their time to the role on an unremunerated basis. Whilst the word "some" tends to indicate that the majority of a Councillor's time should be remunerated,

when asked, 38% (the largest cohort) of the NuLBC Member survey respondents thought that 50%-80% of their time spent as a councillor should be unremunerated.

- 2.6 We heard from a number of Members who gave laudable accounts of just how much of their time was given up unremunerated on roles like Town or Parish Councillor, or School Governor, but the purpose of the NuLBC allowance scheme is to take into account time spent as a NuLBC councillor, not time spent on other, similar roles.
- 2.7 An indicative hourly remuneration rate can be calculated by dividing the basic allowance received by the amount of time estimated to be spent discharging the role. A percentage variation factor can also be applied to take account of expectations as to how much time should be unremunerated.
- 2.8 However, this can only ever be a rough comparator, to be treated with some caution, as it is not easy to accurately capture time spent on discharging the role, and the amount of time spent may vary significantly between different members.
- 2.9 Nevertheless, a table showing that estimation was prepared for us (**Appendix I**). It was prepared on the basis of the majority results in the 2019 survey with certain prudent assumptions applied. That analysis disclosed that a range of between 466 and 651 hours per annum (so an average of 559) is spent discharging the back-bench councillor's role.
- 2.10 Thus, if the hourly rate to "aim" for is the current National Living Wage rate (outside of London) of £9.50 per hour, then it can be seen from the table that in NuLBC there is an expectation that least 40% of the time spent discharging the role of a back-bench councillor is to be unremunerated for that rate to be reached (i.e. the current basic rate achieves NLW if only 60% of the assumed average hours are remunerated). There appears to be a greater expectation as to unremunerated time in NuLBC than in the two comparator authorities. Using the same assumed average 100% of the role is remunerated in CCDC and 90% in SBC.
- 2.11 In the 2019 survey, 66% of those who answered the question thought the basic allowance should be between £4000 and £5900 (it is currently £3365). Of those members we heard from who offered a view, a range of £4500 to £6000 was indicated.
- 2.12 If the assumption that an average of 559 hours per annum is spent in role is a fair assumption, then the following table shows the basic allowance required to hit a £9.50 hourly rate, with percentage assumptions applied to account for unremunerated time expectations. However, our caution above is repeated in terms of relying on 559 as an accurate indication of the average number hours spent in role.

Percentage of time remunerated	Resultant Hours	Basic Allowance to Achieve £9.50 p/h
100%	559	£5310.50
90%	503	£4778.50
80%	447	£4246.50
70%	391	£3714.50
60%	335	£3182.50

50%	280	£2660.00
40%	224	£2128.00
30%	168	£1596.00
20%	112	£1064.00

Special Responsibility Allowances

2.13 The amount of SRAs paid, and the roles for which they are paid are set out in **Appendix E**.

2.14 48% of the respondents to the 2019 member survey felt that the SRA was a fair representation of the time and commitment required from the members holding those roles. Of the SRA members that we surveyed and spoke to, two felt that the SRA was adequate or about right. Others said it wasn't enough, with a third cohort indicating that they felt it was fair from their own perspective, whilst acknowledging that other councillors not in the same position as them financially wouldn't be able to undertake the role.

2.15 Our discussions with members made it clear to us that different SRA roles require a different level of commitment. Although there may have been differing views on the scale of these differences, there was a clear consensus that some roles demanded more time and commitment. There did not appear to us to be significant differences between the commitment required to undertake the same role in the comparator authorities.

2.16 The following percentages of members, who respondents to the 2019 member survey, rated the following SRA roles to be at least 8 out of 10 in their importance:-

Leader of the Council	83%
Deputy Leader	74%
Cabinet Member with Portfolio	64%
Chair of Scrutiny Committee	74%
Chair of Audit and Standards Committee	73%
Chair of Planning Committee	78%
Chair of Licensing and Public Protection Committee	65%
Vice Chair of Scrutiny Committee	46%
Vice Chair of Planning Committee	43%
Vice Chair of Public Protection Committee	43%
Vice Chair of Audit and Standards Committee	43%
Vice Chair of Licensing and Public Protection Committee	45%
Mayor	43%
Deputy Mayor	41%

Minority Party Leader	42%
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- 2.17 Those rankings matched very closely the consistent messages we received across the board from the members that we heard from.
- 2.18 In terms of time commitment, expertise, complexity and the profile of roles, those we spoke to were clear that Leader of the Council, Cabinet Member, and Chair of Planning Committee were “top of the tree”. We heard how those roles are, to all intents and purposes, akin to a full time job.
- 2.19 There was a consistent, but not unanimous, view amongst the members that we spoke to that the role of Deputy Leader did not necessarily warrant a significant uplift over and above the allowance payable to other Cabinet Members.
- 2.20 Deputy Leaders were inevitably Cabinet Members. The prevailing view was that how busy a Cabinet Member was depends on the nature and extent of their portfolio and that typically, less turned on whether they were also the Deputy Leader. The prevailing view seemed to be that there weren’t often significant additional burdens that went with the Deputy Leader role.
- 2.21 We recognised, however, that this varied between authorities and that in some (typically larger) authorities a more substantial uplift might be justified where the Deputy Leader has a distinct and identifiable leadership role beyond an assigned portfolio and beyond simply deputising in the absence of the Leader.
- 2.22 For us, the role of Chair of Planning stood out amongst other chairs. Whilst we heard about and were persuaded of the technical complexity of the role of Chair of Audit and Standards, and Chair of Licensing and Public protection; and whilst we heard about and were persuaded of the importance of a strong and independent scrutiny function, the frequency of planning meetings, coupled with the immense amount of preparation required, the press and public attention and the significant demand on planning chairs between meetings was persuasive and perhaps reflects why, in the 2019 survey, this role was second in importance only to the Leader of the Council.
- 2.23 On the role of vice chairs generally, the prevailing view we heard was that there is often very little demand on vice chairs unless or until they need to deputise in the absence of their Chair. Anecdotally, we heard that this does not happen too often. We noted that neither comparator council paid a SRA for vice chairships. A compromise might be for vice chairs to be remunerated on the basis of the number of meetings they were actually called upon to lead.
- 2.24 On the role of Leader of a Minority Group, we heard that typically a SRA is payable only to the Leader of the largest Minority or Opposition group. Making that allowance available to each group comprising at least 10% of the Council’s membership (as is the case in NuLBC currently) seemed to us to be generous in light of what we heard. The rationale being that the time commitment to the role was not fairly comparable in respect of the Leader of a Group of 4 or 5 (or even 7) as opposed to a group of 20 or more. We thought it difficult to fairly prescribe a limit based on group membership numbers and considered the approach taken by some, to make that SRA available only to the leader of the largest group in opposition, to be preferable.

- 2.25 Finally, in respect of SRAs, we turned our attention to what we anticipate may be a sensitive area, that of the mayoralty. We absolutely understand and appreciate the historic and current importance of the mayoralty, the need for civic leadership and presence, and the importance of maintaining the traditions of that role. However, we found that difficult to reconcile with the 2019 survey results which placed the roles of Mayor and Deputy Mayor along-side that of Minority Party Leader in the bottom three roles to be rated 8 out of 10 in importance.
- 2.26 We also heard from members who, whilst respecting and wishing to preserve the traditions and importance of those roles, found it difficult to reconcile the allowance paid to the Mayor and Deputy Mayor with that paid to those in the more demanding roles we have spoken about above. In NuLBC, for instance, the Mayor's SRA is on par with that of the Leader of the Council.
- 2.27 We understand that there may be an element of the SRA associated with the Mayor's role which is designed to supplement the budget held at officer level in respect of the Council's civic functions. In our view, the interaction between the civic budget and the mayoral allowance should be carefully considered, such that the expenses associated with the role are met through the certainty of budget provision, rather than a call on the allowances of the Mayor or Deputy Mayor. The view expressed by some members that we spoke to, being a view we have some sympathy with, is that the main "recompense" for undertaking those roles should be the legacy, tradition or honour associated with the same, that expenses should be adequately met through budget provision and that any SRA then received should be modest.

Dependent Carer, Travel and Subsistence Allowances

- 2.28 These rates are set out in **Appendix H**. We heard no particularly strong views about these allowances, with perhaps the exception of the Dependent Carer allowance.
- 2.29 In respect of Travel and Subsistence, the rates we saw were broadly comparable and seemed reasonable. So long as they remain so, through some form of index-linking, these are not a cause of concern for us.
- 2.30 In respect of the Dependent Carer allowance, there was some feedback arising from the 2019 survey that this was too low. Whilst the NuLBC rate was linked to the National Living Wage, 42% of those who responded thought that it should be increased. Observations were around the fact that the cost of buying in that care often exceeded the National Living Wage, so councillors who had to pay more to obtain that cover would be out of pocket and this would disenfranchise some potential candidates.

3. **Proposal**

General Observation

- 3.1 In respect of the Basic Allowance, the very clear majority view expressed to the IRP, with which we agreed, was that the rate currently paid by NuLBC was not sufficient to adequately compensate for the commitment required to the role. This was capable of

impacting on the diversity and quality of candidates prepared to stand for election, which is something the Council should give careful consideration to.

- 3.2 Concerns about the adequacy of basic allowances was a clear message heard across the comparator councils and across party lines. Even those councillors we heard from where the Basic Allowance is more generous than that of NuLBC were of the view that their Basic Allowance was not wholly adequate and did impact adversely on the objective of attracting a diverse membership.
- 3.3 We are of the view that the allowance scheme should be “bottom loaded” to address this issue, and that there are arguments for making adjustments to the SRAs to more equitably balance the distribution of funds across the various roles.

Basic Allowance

- 3.4 We are of the view that it would be reasonable to expect members to be remunerated for not less than 80% of the time they commit to the role of being a councillor. To achieve a rate comparable to the National Living Wage, and using the rough estimations and assumptions derived from the 2019 survey (i.e. a range of 466 - 651 hours per annum dedicated to the role, in each case reduced by 20% to account for expectations around unremunerated time) this would necessitate a basic allowance in the range of £3532.50 to £4,949.50. Whilst taking an average point in that range would suggest a sum of £4240, we did not feel that was an appropriate figure to settle on.
- 3.5 We noted that the higher figure in that range of £4,949.50 is still at the lower range of what 66% of the 2019 survey respondents considered to be adequate. We also note concerns raised by members who receive basic allowances in the region of £4800 to £5700 that even these amounts are still considered by some to be inadequate to encourage a diverse membership.
- 3.6 With those considerations taken into account, we settle on a recommendation of **£4900** for the basic allowance as we feel that even though there are concerns as to whether even this amount is sufficient, this figure is an appropriate compromise between affordability and the very clear evidence we have heard on what would be a sufficient amount to achieve the objectives of the Scheme.

Special Responsibility Allowances

- 3.7 In general, we would suggest that an appropriate starting point for SRAs would be an average of the comparator authorities.
- 3.8 In respect of the role of Deputy Leader, we note that at CCDC the uplift over Cabinet Member is 13%. In SBC that uplift is 24%. In NuLBC it is 40%. Unless there are particular circumstances of the type described in paragraph 2.21 above, we feel that an uplift of 15% to 20% is adequate.
- 3.9 Consideration should be given to placing the Planning Chair SRA in the region of that received by Cabinet Members.
- 3.10 We recommend dispensing with vice chair allowances

- 3.11 The adjustment suggested at 3.7 above should be made to the role of Mayor (Deputy Mayor should remain unchanged) as a starting point, with further consideration given to whether it is appropriate to reduce both of those SRAs further in light of our observations at paragraph 2.27 above.
- 3.12 The Minority Party Leader SRA should be payable to only one group, the largest group in opposition.
- 3.13 We make no specific recommendation in respect of dependent carer, travel or subsistence rates as they currently stand.
- 3.14 Following these adjustments, all rates should be index-linked to ensure they stay current, and to minimise the number of occasions an IRP is required to consider the matter. Appropriate indices should be identified, but linking to officer recompense seems appropriate.
- 3.15 If these recommendations are adopted (but without an additional enhancement to the Planning Chair SRA), the SRA table would be as follows:-

Allowance Type	Newcastle-under-Lyme (Current)	Newcastle-under-Lyme (Proposed)
Basic Allowance	£3,365	£4,900
Leader of the Council	£13,590	£15,369
Deputy Leader of the Council	£9,510	£8,470
Cabinet Members	£5,660	£7,366
Leader of the Opposition	£1,130	£5,789
Planning Committee Chairman	£4,230	£4,576.50
Scrutiny Committee Chairmen	£2,830	£2796.50
Licensing Committee Chairman	£3,430	£1854.50
Audit & Standards Committee Chairman	£2,830	£2,232.50
Mayor	£13,921	£9607.50
Deputy Mayor	£3,480	£3,480

4. **Reasons for Proposed Solution**

4.1 To update the Scheme approved by Council in 2006 and last reviewed by Council in 2019.

5. **Options Considered**

5.1 The IRP has considered the full range of viable options.

6. **Legal and Statutory Implications**

6.1 See covering report to Council.

7. **Equality Impact Assessment**

7.1 See covering report to Council.

8. **Financial and Resource Implications**

8.1 See covering report to Council.

9. **Major Risks**

9.1 See covering report to Council.

10. **UN Sustainable Development Goals (UNSDG)**

10.1 See covering report to Council

11. **Key Decision Information**

11.1 See covering report to Council

12. **Earlier Cabinet/Committee Resolutions**

12.1 See covering report to Council

13. **List of Appendices**

13.1 The following documents are appended.

- A. 2019 Survey Results Summary
- B. West Midlands Employers Benchmark Extract
- C. Letter from the Conservative/Borough Independent Group Leaders
- D. Letter from Conservative/Newcastle Independent Group Leaders
- E. Comparative Data from NuLBC, CCDC and SBC
- F. SRA Questionnaire
- G. Comparative Mayoralty Data
- H. Comparative Carer, Travel and Subsistence Data
- I. Time Estimation Table

14. **Background Papers**

14.1 As per appendices