

MEMBERS ALLOWANCES (deferred from last meeting)

Submitted by: The Independent Remuneration Panel/Head of Central Services

Portfolio: Resources and Efficiency/Customer Services and Transformation

Ward(s) affected: All

Purpose of the Report

To review the Councils Scheme of Members Allowances.

Recommendations

- (a) That for 2012/13, the amount of the Basic Allowance be increased in line with the national pay awards agreed for Newcastle Borough Council staff.**
- (b) That for 2012/13, the amount of the Special Allowances be increased in line with the national pay awards agreed for Newcastle Borough Council staff.**
- (c) The regulation covering travelling expenses is amended to exclude the option of First Class rail travel.**
- (d) The Panel should undertake further work regarding basic and special allowances with a view to producing proposals during the autumn of 2012. The Panel membership should be expanded to a minimum of 5 members to facilitate this work.**

Reasons

The current national and regional economic situation is extremely difficult. We therefore do not consider it appropriate to recommend any change to the current level of Basic Allowance in terms of any retrospective review. We do think it important however that an appropriate mechanism be agreed for the national pay award assessment. We are recommending that the Panel continue its work in the coming months with a view to making a further and detailed report to the Council in the autumn at which point we will have been able to complete the additional pieces of work set out in the report.

1. Background

- 1.1 Under the Local Authorities (Members Allowances) (England) Regulations 2003 and subsequent amendments, the Council is required to establish and convene an advisory independent allowances panel (the Panel) to make recommendations on certain allowances. The Panel has been asked by the Council to review basic and special responsibility allowances for roles carried out by Members.
- 1.2 The current Scheme was established in 2006 to cover the Municipal Years 2006/07, 2007/08, 2008/09 and 2009/10. No inflationary adjustment has been made to allowances since 2007/08. The members of the previous Panel have resigned and the Panel now comprises the following people:-

Malcolm Duncan – Panel Chair – Management Consultant
Karen Clarke – Director of Finance & IT - Keele University
Paul Buttery – Deputy Director of Finance – Keele University

- 1.3 In carrying out our review we have considered the role of elected Councillors and in addition we have taken account of the current general economic and political climate. We have also considered statistical information gathered on allowances paid in Councils of similar size/characteristics to Newcastle under Lyme and those of other districts in Staffordshire.
- 1.4 We had the opportunity to speak to the Council Leader, Stephen Sweeney and Deputy Leader, Robin Studd who gave us an insight in to the changing roles of all Councillors, executive and non-executive, particularly with regard to their roles in the community and we were assisted by the Member Training and Development Officer, Geoff Durham.
- 1.5 The Panel is aware that the Council needs to encourage suitable persons to take on the role of Councillor. In considering the levels of allowances, the Panel has been mindful that the Council has to continuously control its budget and any amounts proposed must be affordable. It is also clearly important to strike a balance between the level of remuneration and the voluntary element of the role, inspired by a sense of public duty. In addition it is clearly important that elected Councillors can demonstrate an appropriate and acceptable level of attendance at both Council and committee meetings and training sessions.

2. **Issues and Options**

- 2.1 We have considered the following allowances:-

Basic Allowance
Special Responsibility Allowance
Travelling and Subsistence Allowance
Carers' Allowance

- 2.2 Consideration has also been given to the regulations regarding the claiming of expenses.

Basic Allowance

From the table below it is clear that the basic allowance paid in Newcastle is low compared to that paid in other authorities in our 'family group' and near neighbours.

Table 1 – Comparison of Basic Allowances (at 16/04/2012)

All figures shown are from Websites or have been provided.

Authority	Basic Allowance £	Carers Allowance /hour £	Last increase	%	Members
Cannock Chase District Council	5,339	6.08*	2010		40
Tamworth Borough Council	5,244	5.73			30
St Edmundsbury B. Council	5,184	6.08*	2009	1.0	45
North East Derbyshire Council	5,010		2008	2.5	53
South Staffs Council	5,000		2010	-3.0	49
Wyre Forest District Council	4,900	4.00			42
Bassetlaw District Council	4,628	5.52	2010	5.0	48
East Staffs Council	4,324				39
Chorley Borough Council	4,242	n/a	2009	1.0	47
Erewash Borough Council	3,848	6.08*	2008	2.5	51
Newark and Sherwood	3,800	10	2012	5.5	43
Amber Valley DC	3,722	Paid upon claim	2009	1.0	45

Stafford Borough Council	3,451	6.14		59
Broxtowe Borough Council	3,439	5.45		44
Newcastle-under Lyme BC	3,365	6.08	2008	2.4
Lichfield District Council	2,990			56
Staffordshire Moorlands DC	2,902	10.00		56

Average **4,199**

**National Minimum Wage*

Whilst demands on Councillors can vary from one authority to another we believe that the demands on Newcastle's Councillors are not significantly less than in these other authorities. However, Newcastle has 60 members, which is one of the highest numbers of elected members and, therefore, any increase in the basic allowance would have a significant effect on the Council's budget.

No inflation has been applied to the Basic Allowance since 2007/08 – this includes decisions not to accept awards recommended by previous Panels. As noted in the introduction, the current national and regional economic situation is extremely difficult. We therefore do not consider it appropriate to recommend any change to the current level of Basic Allowance in terms of any retrospective review. We do think it important however that an appropriate mechanism be agreed for the national pay award assessment.

We therefore recommend that for 2012/13, the Basic Allowance be increased in line with the national pay awards agreed for Newcastle Borough Council staff.

Special Responsibility Allowances

We do not recommend for 2012/13 any structural change to the Special Responsibility Allowances. We do recommend that, as with the Basic Allowance, the Special Responsibility Allowances be increased for 2012/13, in line with any pay awards agreed for Newcastle Borough Council staff.

Travelling and Subsistence Allowances

The Council currently pays the nationally agreed rates for travelling and subsistence. Therefore, it is proposed that the current arrangements stay in place with the exception that the regulation covering travelling expenses are amended to exclude the option of First Class rail travel.

Carers Allowance

Currently the Scheme allows for a payment of £6.08 per hour. We would recommend that the Council continues to pay the statutory minimum wage (£6.08 for age 21 and over) as the Carer's Allowance.

Pensions for Councillors

The Panel considered the issue of Members being able to participate in the Local Government Pension Scheme (LGPS) in September 2003 when the Panel's recommendation was not to allow participation, which the Council accepted. We have considered this again, and we understand that there has been no request from Members for us to review this matter again.

Further Work by the Independent Remuneration Panel

We have been formed as the Independent Remuneration Panel to consider your allowances for the municipal year commencing in May 2012. None of those who had served on your previous Panels were willing to continue in the role so we have come together as a group for the first time to undertake this review. Whilst we are content to make our recommendations regarding the Council's allowances for the coming year, we feel that there are a number of issues which it might be useful for us to consider and to make further recommendations to you.

Whilst we have seen some comparative data for allowances paid by other councils we have asked your officers to provide a more comprehensive set of information particularly giving breakdowns of remuneration for particular roles. We also feel that it would be useful for the Panel to review the allowances paid for particular roles in the context of the duties and responsibility of those roles. We understand that the council has descriptions for the various roles but the Panel has not had sufficient time to consider these. We think that this would be a useful task for the Panel to do. In particular, we feel that consideration could be given to the allowances paid to Vice Chairmen taking into account the level of work involved in these roles which we are aware varies for individual committees.

Further, we feel that in order to make recommendations about future levels of allowance we need to have more information about the work of councillors not only within the council but also within their communities.

Whilst we have sought information about the roles of councillors from the political Group Leaders, we feel that we would benefit from talking to a wider range of elected Members about their role and the level of work involved. In the limited amount of time available to us we have done some of this work but wish to do a more systematic review.

We note that as the council has not linked its member allowances to any external reference point, the level of allowances has fallen behind the prevailing rates of inflation and other public service remuneration. We consider that this is something which the Panel should give greater thought to and we are minded to recommend an explicit link being established between member allowances and the rate of inflation reflected in measures such as RPI, CPI or staff pay awards. However, we would wish to consider this matter at greater length before making any firm recommendation.

We recognise that the scheme of councillor allowances established by the Local Government Act 2000 swept away the old attendance allowances and that the new scheme is designed to recognise the costs and value of the roles which councillors perform. However, we consider that allowances should be paid on the basis of an acceptable level of attendance at meetings and training sessions. We are not making specific recommendations about this matter at this stage, but think that it is something which should be considered. We have asked that attendance rates be monitored and information on attendance be provided to the Panel.

The Panel currently consists of three members, whilst this is the minimum number required by the regulations, we feel that the Panel would benefit from a wider membership and in particular to have expertise in personnel and of the wider operation of modern councils. We would like to suggest that the membership of the Panel be widened to five or six to enable these skills to be included.

We are recommending that the Panel continue its work in the coming months with a view to making a further and detailed report to the Council in the autumn at which point we will have been able to complete the additional pieces of work set out above.

4. **Proposal**

- (a) That for 2012/13, the amount of the Basic Allowance be increased in line with the national pay awards agreed for Newcastle Borough Council staff.
- (b) That for 2012/13, the amount of the Special Allowances be increased in line with the national pay awards agreed for Newcastle Borough Council staff.
- (c) The regulation covering travelling expenses is amended to exclude the option of First Class rail travel.
- (d) The Panel should undertake further work regarding basic and special allowances with a view to producing proposals during the autumn of 2012. The Panel membership should be expanded to a minimum of 5 members to facilitate this work.

It is hoped that the Council will accept our recommendations as appropriate given the current economic and political climate.

5. **Reasons for Preferred Solution**

- 5.1 The current national and regional economic situation is extremely difficult. We therefore do not consider it appropriate to recommend any change to the current level of Basic Allowance in terms of any retrospective review. We do think it important however that an appropriate mechanism be agreed for the national pay award assessment. We are recommending that the Panel continue its work in the coming months with a view to making a further and detailed report to the Council in the autumn at which point we will have been able to complete the additional pieces of work set out in the report.

6. **Outcomes Linked to Sustainable Community Strategy and Corporate Priorities**

- 6.1 It is important to the Councils priority of transforming the Council to achieve excellence that the Council attracts and retains excellent Members while providing value for money

7. **Legal and Statutory Implications**

- 7.1 Allowances are paid under the Local Government and Housing Act 1989 the Local Government Acts 1972 and 2000 and the Local Authorities Members Allowances Regulations 2003

8. **Equality Impact Assessment**

- 8.1 The panel has taken due account of Equality issues.

9. **Financial and Resource Implications**

- 9.1 The table below is a summary of the costs of the current scheme and our proposals for 2012/13.

Costs of Members' Allowances Scheme

ROLE	No.	<u>Current</u>		<u>12/13 Proposal</u>	
		£	<u>Max Cost</u> £	£	<u>Max Cost</u> £
Leader of Council	1	13,590	13,590	13,590	13,590
Deputy Leader of Council	1	9,510	9,510	9,510	9,510
Cabinet Portfolio Member	6	5,660	33,960	5,660	33,960
Chair of Planning	1	4,230	4,230	4,230	4,230
Chair of Public Protection	1	3,430	3,430	3,430	3,430
Chair of Licensing	1	3,430	3,430	3,430	3,430
Chairs of Overview & Scrutiny Cttes	5	2,830	14,150	2,830	14,150
Chair of Audit & Risk Committee	1	2,830	2,830	2,830	2,830
Chair Standards Committee	1	2,830	2,830	2,830	2,830
Chair of Health Scrutiny	1	2,830	2,830	2,830	2,830
Chair of Conservation Advisory WP	1	0	0	0	0
Chair of Employees Consultative	1	0	0	0	0
Grants Assessment WP	1	0	0	0	0
Vice Chair Planning	1	1,410	1,410	1,410	1,410
Vice Chair Public Protection Ctte	1	1,130	1,130	1,130	1,130
Vice Chair Licensing Ctte	1	1,130	1,130	1,130	1,130
Vice Chairs Overview & Scrutiny	5	1,130	5,650	1,130	5,650
Vice Chair Standards Ctte	1	1,130	1,130	1,130	1,130
Vice Chair Audit & Risk Ctte	1	1,130	1,130	1,130	1,130
Group Leaders *	3	1,130	3,390	1,130	3,390
Basic Allowance	60	3,,365	201,900	3,365	201,900
Total			307,660		307,660

* Currently only 1 paid

10. **Major Risks**

- 10.1 That the allowance scheme is inadequate to meet the needs of the Council or that it is financially unsustainable or seen as unfair with consequential damage. The scheme proposed is considered to address these issues

12. **Key Decision Information**

- 12.1 This is a non-Executive decision

13. **Earlier Cabinet/Committee Resolutions**

275/08,783/07

15. **Background Papers**

None.