

Council – 17th November 2014

Members allowances 2014

1. Summary of report

- 1.1 The current scheme of members allowances was adopted in January 2013 making the provision for the scheme to be adjusted in line with the national JNC award to officers up until the panel were next convened in 4 years time.
- 1.2 As members will be aware political control of the Council changed on 22nd September 2014 and the incoming administration have requested a review of the Members Allowances scheme.
- 1.3 The Independent Remuneration Panel, which consists of three members who are entirely independent of the Council met on 22nd September 2014 to consider proposals from the controlling Labour administration.
- 1.4 The Independent Panel's terms of reference are that they have unfettered discretion to make recommendations upon the scheme of allowances to elected members. The Council has discretion as to whether or not to accept those recommendations.
- 1.5 In undertaking their review the Independent Review Panel, were given full details of the political arrangements of the Council; provided with copies of the Member Job Descriptions, provided with tabulated analysis of members allowance schemes for authorities in the Black Country, the West Midlands, and those of the relevant CIPFA family of authorities. In addition the group leaders were asked for their comments in relation to the existing scheme for consideration by the Independent Review Panel.

The recommendations of the current Panel are attached as an **Appendix** to this report.

2. Recommendations

- 2.1 That the Council note the recommendations of the Independent Remuneration Panel and thanks the Panel for their work in producing their report.
- 2.2 That the Council consider the three options set out by the Independent Review Panel for a scheme of allowances to be implemented from 18th November 2014.
- 2.3 That the Council's Constitution be amended by the insertion of the new scheme at Part 6.
- 2.4 That the Monitoring Officer be authorised to advertise the new scheme of allowances and payments made hereunder as required by statute.

3. Resource and legal considerations

The power to have a Members Allowances Scheme is conferred by the Local Authorities (Members Allowances) (England) Regulations 2003 made under the Local Government and Housing Act 1989 and the Local Government Act 2000.

Under Part 4 of the above regulations Council has to have regard to the recommendations made in relation to its members allowance scheme by an Independent Remuneration Panel.

The Independent Remuneration Panel must produce a report making recommendations as to the responsibilities or duties in respect of the items contained between s21 (1) (a) to (g) of the regulations.

There is a requirement for the local authority to publicise the recommendations made by their independent remuneration panel as soon as reasonably practicable after receiving a report from the panel which sets out the panel's recommendations.

The overall cost of implementing the recommended changes can be contained within existing Council budgets.

4. Member interests

The decision as to whether a member has to declare an interest in a report under consideration is ultimately a matter for the member to decide upon even where they have sought advice.

In relation to this report, the Monitoring Officer on 7th January 2013 granted a dispensation to all members under Section 31(2)(a) of the Localism Act 2011 on the basis that the number of persons prohibited by Section 31(4) from participating in any particular business would be so great a proportion of the body transacting the business as to impede the transaction of business. This dispensation is granted for the duration of the current scheme which will expire on 7th January 2017.

5. Financial implications

The costs of the various proposals put forward by the Panel are set out in report of the Panel at the Appendix to this report.

6. Citizen Impact

- 6.1 The whole process of determining elected members allowances is based upon openness and transparency. The public have a right to know the level of allowances that elected members are entitled to in carrying out their duties effectively under the democratic process. The legislation requires that the Council publishes the scheme for member allowances to ensure the same can be scrutinised by the public, not only in terms of the scheme itself but also in comparison to neighbouring authorities, and the amount recommended by the Independent Remuneration Panel.

- 6.2 Remuneration should not be an incentive for service as a Councillor. Nor should lack of remuneration be a barrier. The basic allowance should encourage people from a wide range of backgrounds and with a wide range of skills to serve as local Councillors. Those who participate in and contribute to the democratic process should not suffer unreasonable financial disadvantage as a result of doing so Councillors should be compensated for their work and that compensation should have regard to the full range of commitments and complexity of their roles.
- 6.3 The changes proposed to the scheme by the Independent Remuneration Panel acknowledge the different levels and complexity, and commitment of the roles undertaken by elected members.

7. Environmental impact

- 7.1 The scheme recommended by the panel encourages elected members to use public transport in carrying out their duties wherever possible. Where this is not possible expenses incurred can be reclaimed or where they use their own vehicle a car mileage allowance rates can be claimed. This is recommended to be paid at the same rates applicable to officers and the scheme encourages the use of more environmentally friendly vehicles.
- 7.2 Further, the new scheme encourages elected members to become connected to broadband. In time this could help reduce the volume of paper circulated and reduce number of queries members have to make for information, as more and more is available on the Council's intranet.

8. Performance and risk management issues

Council is obliged to adopt a new members allowance scheme every year. However, where an index is applied to the scheme, the Council can rely upon that index for up to 4 years without the need to review the scheme. If the Council fails to adopt a new scheme (even if it is to re-adopt the existing scheme) before the existing one expires, then the Council will be unable to pay its members allowances thereafter until a new scheme is adopted.

9. Equality implications:

None arising from this report

10. Consultation

In accordance with statute the Council consults with and receives recommendations from the Independent Remuneration Panel, who have substantial information concerning Councillors allowances, on which they base their recommendations. All the political group leaders of the Council were invited to provide comments to the independent remuneration panel for them to consider as part of their deliberations in reviewing the current scheme of allowances.

Background papers

Report of the Independent Remuneration Panel – October 2014

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A handwritten signature in black ink, appearing to read "Anthony A.", is centered on the page. The signature is written in a cursive style with a large initial 'A'.

Signed:

Head of Legal and Democratic Services

Date: 7th November 2014

Appendix

WALSALL MBC - REPORT OF THE INDEPENDENT MEMBERS ALLOWANCES PANEL - OCTOBER 2014

Introduction

1.1 The Panel, whose membership comprises Professor Steve Leach (chair), Roger Jewell and Richard Hood, met on September 22nd 2014 to consider a proposal from the Labour Administration to introduce a reduction of 36% in the current level of Special Responsibility Allowances (SRAs); this equates to 10.7% of the total members allowances budget. It heard evidence from the leaders of the Council and the Liberal Democrat group and the current Mayor. The leader of the Conservative group subsequently provided a note of his views. Helpful background information was provided verbally and in writing by Tony Cox, John Garner and Jo Whitehouse. The Panel is grateful to them all for their help and support.

1.2 It was not intended that the Panel should undertake a comprehensive review of the Members Allowances System in Walsall, as they had done in December 2012, nor was there any reason to do so. The Panel continues to hold the view that the recommendations contained within that report accurately reflect the duties and responsibilities of Walsall councillors and achieve the objective of bringing allowances in Walsall into line with those paid in comparable authorities. It considers that they should remain current until the next full review. It is important to seek to attract as wide a range of candidates as possible, and realistic allowances can contribute to this aim. Its' continuation is one option which should be considered at the November council meeting.

1.3 However the panel well understands why the current Labour Administration might wish to introduce a policy of 'salary sacrifice' (as it has been termed) in response to the economic hardship experienced by many of the Borough's residents, and regards it as a legitimate exercise of its' responsibilities to consider and respond to the proposal concerned.

1.4 To simplify the processes of calculation, the Panel has taken a figure of a reduction of 10% in the overall allowances budget as reflecting the Labour administration's intentions (the impact of their proposed package of SRA reductions results in an overall decrease of 10.7%). If a different percentage reduction were agreed, it would be relatively easy to adjust the figures in the schedules provided.

Discussion and Recommendations

2.1 There are three options which the panel would wish to be tabled, including an option based on the Labour administration's proposal. Option 1 is a continuation of the status quo (as discussed in 1.2 above). Option 2 is to apply the proposed reduction of 10% across the board, which would have the advantage of consistency, in that it would retain the relative priority given to the roles of council (and group) leadership, executive, scrutiny, committee

chairmanship and the basic allowance recommended by the panel in December 2012 and approved by the Council in January 2013. The schedules of allowances implied by Options 1 and 2 respectively are set out at the end of this report.

2.2 But a uniform reduction is not what is being proposed by the Labour Administration. Its preference is to leave the basic allowance unchanged, and to concentrate the reductions in the SRA category. The proposal (which is set out in Appendix 1, and uses the 2013-14 allowances schedule) envisages a reduction of 36% on the total SRA budget, albeit with some variation in the percentage rate of reduction between leadership, cabinet, scrutiny and committee chair positions. The members of the Executive, including the leadership have already voluntarily adopted these reduced SRAs, a move which has met with approval in the local media. Option 3 is a modified version of the Labour Administration's proposal.

2.3 The Panel recognised the merits of this proposal, in so far as it prioritised the role of 'local members' (i.e. those who do not hold positions of responsibility within the council), by ensuring that the basic allowance was excluded from the package of proposed reductions. It is right that the time-consuming demands of local ward activity should be recognised in this way (although in doing so, the proposal is in effect giving a lower priority to the decision-making (or –shaping) responsibilities of councillors currently receiving SRAs).

2.4 With some reservations (see below) the Panel considered that in principle, the tabled proposal did merit inclusion as a viable option. However there are some elements in the proposal, in its' current form, which the Panel would find it difficult to support. The Panel could not discern any rationale in the differential percentage reductions proposed for different categories, nor was any explanation forthcoming in the evidence provided to the Panel. The reductions proposed are as follows (see appendix 1): leader 12%: deputy leader 10%: cabinet members 14%: group leaders and chair of planning 6%: chairs of scrutiny 25%: chairs of standards, taxi- licensing and safety committees 40%. The SRA for the chair of audit is proposed to be increased by 12%, and, we were informed subsequently, the chair of the recently-instituted personnel committee was proposed to receive the same SRA as the chair of audit.

2.5 The Panel felt that there should be a much greater degree of consistency in the level of reductions envisaged. In the absence of evidence pointing to alternative configurations, it would much prefer to see the same percentage reduction applied to each of the categories of responsibility. In particular, it was concerned about the downgrading of the scrutiny function which is included in the proposal. Since our 2012 report, the number of scrutiny committees has been reduced from six to four (although we understand that the work of one of them has been incorporated within the brief of the Audit Committee). The total allowances budget allocated to scrutiny would reduce from just over £50,000 in 2013 to £25,000 in 2015, under the tabled proposal.

2.6 The Panel felt that this level of reduction (50%) was totally unjustified. It undervalues the crucial role overview and scrutiny can play in holding the Executive to account. Its importance has arguably increased in the climate of austerity within which local authorities have operated since 2010. The impression gained by the Panel was that the operation of overview and scrutiny in Walsall MBC was problematical, with, in particular, an over-emphasis on operational detail rather than policy. But even if this is the case, it does not detract from the potential contribution which the function can make, not least to the evidence-based identification of areas where significant savings may be possible. Therefore the panel could not support any proposal to reduce disproportionately SRAs allocated to the scrutiny function.

2.7 In the Panel's Option 3, the spirit of what the Labour Administration wishes to achieve is accepted, but a redistribution of the reductions in the SRAs involved is set out, to provide the degree of consistency missing from their tabled proposal. The overall saving of 10% which is sought is achieved by an overall reduction of 29.8% to the total SRA budget, which is applied (with minor variations- see below) to each of the categories receiving SRAs. The panel wished to ensure that the proportional allocation between the executive, scrutiny and committee functions agreed by the Council in January 2012 was maintained, given that no persuasive arguments that the relative responsibilities and workloads of these three categories were presented to it. Hence differential rates within the cabinet (between leader, deputy and portfolio holders) are maintained, but account is taken of the fact that cabinet membership has been reduced from ten to eight. Similarly, the reduction in the SRAs for scrutiny chairs takes account of the fact that there are now four of them rather than five (we are assuming that the overall workload of the function has not decreased, or if it has, it should not have!). The recommended SRAs for opposition leaders are maintained at the same level, as are the proposed SRAs for scrutiny chairs, to replicate the current position. The levels of SRA allocated to different committee chairs are based on the differentials in the current Members Allowances scheme, with some minor adjustments to reflect recent changes, including the widening of the remit of the Audit Committee (see 2.5 above), and the establishment of a single Personnel Committee. In both cases, the panel felt that the responsibilities involved would be likely to be comparable to that of the Planning Committee, and for each of these three committees it is recommended that parity is maintained with the SRAs for scrutiny chairs and opposition leaders. The proposed SRAs for the remaining committees are set in the same proportion to the Planning Committee as is currently the case Option 3 (set out at the end of this report) sets out the recommended SRAs for each of the positions involved, using the above reasoning. It delivers the 10% overall reduction sought by the Labour administration.

2.8 The Panel noted that there might be some scope for additional savings, if the posts of either or both of the chairs of the Standards and Audit Committees were to be allocated to non-councillors. Although many councils do make a relatively small SRA available in such circumstances, to pay the sums currently allocated to these posts in Walsall would be

unusual. The panel sensed some uncertainty here regarding the council's intentions, but if the full allocations are not made or taken up, its' suggestion would be that the under-spend involved should be made available to the scrutiny function, to enable it, where appropriate, to buy in outside expertise to aid it in its' deliberations. This kind of initiative has been adopted in several councils, and is generally regarded as having increased the effectiveness of scrutiny.

2.9 The panel was informed of the Labour administration's intention to introduce a system of 'cabinet support members' (four in number) to work with and support portfolio- holders, acting in effect like junior ministers in Parliament, but without the decision-making responsibilities that in local authorities can only be exercised by official cabinet members. It recognised the advantages of this idea, in terms of extending the number of members involved (albeit informally) in an executive role, and providing helpful experience for a possible future cabinet position (a form of succession planning?). The panel was aware that there are other authorities (e.g. Cheshire East, Barnsley, Bury, and Derbyshire) who have introduced similar initiatives, and have allocated SRAs to such positions. The panel was informed that SRAs are unlikely to be allocated in Walsall, due to concerns that to do so would disqualify those concerned from participating in Scrutiny Committees. The panel's understanding is that whether or not the positions of cabinet support members are to be remunerated (and to do so would move the proportion of councillors in Walsall who received SRAs to 40%, which is above the government's recommended level of 33%) the basis for their involvement in Scrutiny Committees should be as follows:

- *they should not become members of scrutiny committees whose remit covers a function or service similar to their cabinet support responsibilities.

- *they should not be allocated positions of responsibility on any scrutiny committee.

2.10 When the Localism Act (2011) came into effect on November 15th 2011, it effectively abolished the previous standards regime under the Local Government Act 2000. Under the previous standards regime, there was a power to suspend a member from office. This sanction has now been abolished. Therefore, as a result, the sections in the Members Allowances Scheme at Part 6 of the Council's Constitution should be amended as follows, namely that paragraph 15, 15.1 15.2 and 15.3 (a) be deleted.

2.11 The Labour administration's proposal includes changes in the SRAs allocated to Committee chairs. If the Council wished to make minor amendments in the allocation of SRAs within the executive and committee chair categories, the panel would not object, so long as the overall balance between the four categories remained unaffected, and the changes were made in consultation with the relevant officers.

Summary of Recommendations.

1. The panel considers that three options should be put before the council

* The status-quo (as approved in January 2013, following the panel's December 2012 report

*an option which reduces the full range of members allowances by 10%

* An option which incorporates the Labour administration's view that the reduction in members should fall wholly on the SRAs, but which modifies some of the detail of the tabled proposal in the interests of consistency and fairness.

The panel would find any of these options (which are set out in detail below) acceptable:

2. The criterion for the annual updating of members allowances should continue to be the NJC officer's award, and should be applied in April 2015.

3. Section 15 of the Members Allowances Scheme, regarding the suspension of members should be deleted.

4. Any additional savings resulting from the appointment of non-council members as chairs of the Standards and/or Audit Committees should be transferred to a fund to enable Scrutiny Committees to buy in outside expertise.

5. All the other provisions in the Members Allowances Scheme should remain.

Option 1 - 2014-15 Members Allowances Scheme (Appendix 2)

Option 2 - The above scheme with a 10% reduction applied to all allowances (Appendix 3)

Option 3 - The scheme tabled by the Labour administration, as amended by the panel (as set out below and at Appendix 4)

Proposed allowances

Leader of the Council	£ 21,694.00
Deputy Leader	£ 14,167.00
Portfolio holders	£ 10,857.00
Chairs of Scrutiny	£ 7,057.00
Opposition Leader(s)	£ 7,057.00
Chairs of Planning, Audit and Personnel	£ 7,057.00
Chairs of Taxi Licensing (two), Employment Appeals (two), Health and Well- Being, Standards and Licensing and Safety	£ 4,411.00

Total current Allowances budget £913,370.00

Total current SRA budget (2014-15 Scheme) £278,210.00

Total proposed SRA budget £195,393.00

Total saving: £82,817 which is 29.8% of current SRA budget and 10% of total allowances budget.

Details of the reasoning behind these changes are set out in paragraph 2.7 of the report.

Appendix 4; The Labour Administration's Proposals

Appendix 1 - Members Allowances Analysis
Current vs. Proposed Scheme – February 2014

Current Members Allowances Scheme – 2013/14

Current Special Responsibility Allowance Paid:	Amount Paid:
	£
Leader of the Council	26,850.00
Deputy Leader	17,534.00
Cabinet (x 8 at £13,425.00)	107,400.00
Chair – Audit Committee	5,241.00
Chair – Employment Appeals (x 2 at £5,241.00)	10,482.00
Chair – Health & Wellbeing Board	5,241.00
Chair – Licensing & Safety	5,241.00
Chair – Planning Committee	8,385.00
Chair – Standards Committee	5,241.00
Chair – Taxi Licensing Committee (x 2 at £8,385.00)	16,770.00
Chair – Scrutiny Committee (x 6 at £8,385.00)	50,310.00
Group Leaders (x 2 at £8,385.00)	16,770.00
Total:	275,465.00

Proposed Member's Allowances Scheme – 2014/15

Proposed Special Responsibility Allowance:	Amount Paid:
	£
Leader of the Council	23,582.00
Deputy Leader	15,722.00
Cabinet (x 6 at £11,529.00)	69,174.00
Group Leaders (x 2) and Chair of Planning (= 3 at £7,861.00)	23,583.00
Scrutiny Chairs (x 4) and Chair of Audit (= 5 at £6,289.00)	31,445.00
Chair of Standards, Chair of Taxi Licensing (x 2), Chair of Licensing & Safety (= 4 at £3,144.00)	12,576.00
Total	176,082.00

This represents a saving of **£99,383 (or 36%)** on the current Special Responsibility Budget paid.

**Appendix 2: Member's Allowances - Option 1 -
2014/15 Member's Allowances Scheme (no
change):**

Allowance:	
Basic Allowance:	£10,586.00
Leader of the Council:	£27,118.00
Deputy Leader of the Council:	£17,709.34
Other Group Leaders:	£8,469.34
Executive:	£13,559.25
Regulatory Committees:	
Audit Committee - Chair	£5,293.34
Planning Committee - Chair	£8,469.34
Employment Appeals Committee - Chair	£5,293.34
Licensing & Safety Committee - Chair	£5,293.34
Taxi Licensing - Chair	£8,469.34
Standards Committee - Chair	£5,293.34
Health & Wellbeing Committee - Chair	£5,293.34
Personnel Committee - Chair	
Scrutiny - Chair	£8,469.34

**Appendix 3: Member's Allowances -
Option 2 - 2014/15 Member's
Allowances Scheme less 10%:**

Allowance:	
Basic Allowance:	£9,527.40
Leader of the Council:	£24,406.20
Deputy Leader of the Council:	£15,938.41
Other Group Leaders:	£7,622.41
Executive:	£12,203.32
Regulatory Committees:	
Audit Committee - Chair	£4,764.01
Planning Committee - Chair	£7,622.41
Employment Appeals Committee - Chair	£4,764.01
Licensing & Safety Committee - Chair	£4,764.01
Taxi Licensing - Chair	£7,622.41
Standards Committee - Chair	£4,764.01
Health & Wellbeing Committee - Chair	£4,764.01
Personnel Committee - Chair	
Scrutiny - Chair	£7,622.41

**Appendix 4: Member's Allowances -
Option 3 - Scheme tabled by Labour
Administration as amended by the IRP:**

Allowance:	
Basic Allowance:	£10,586.00
Leader of the Council:	£21,694.00
Deputy Leader of the Council:	£14,167.00
Other Group Leaders:	£7,057.00
Executive:	£10,857.00
Regulatory Committees:	
Audit Committee - Chair	£7,057.00
Planning Committee - Chair	£7,057.00
Employment Appeals Committee - Chair (x 2)	£4,411.00
Licensing & Safety Committee - Chair	£4,411.00
Taxi Licensing - Chair (x 2)	£4,411.00
Standards Committee - Chair	£4,411.00
Health & Wellbeing Committee - Chair	£4,411.00
Personnel Committee - Chair	£7,057.00
Scrutiny - Chair	£7,057.00

Total current Allowances budget	£913,370.00
Total current SRA budget (2014/15 scheme)	£278,210.00
Total proposed SRA budget	£195,393.00

Summary:

Total saving **£82,817.00** which is **29.77%** of current SRA budget and **10%** of the total allowances budget.

Details of the reasoning behind these changes are set out in paragraph 2.7 of the report.