

WALSALL MBC

REPORT OF THE INDEPENDENT MEMBERS ALLOWANCES PANEL

February 2021

Introduction

1.1. The Panel was re-convened in November 2020 at the request of the Council. Its membership comprises Professor Steve Leach, who chairs the Panel, Philip Tart (former Strategic Director of Resources and Transformation and Monitoring Officer at Dudley MBC) and Richard Hood (Head of Legal and Governance, World Animal Partnership). The initial request was that the Panel should carry out a four-yearly review, but as the last such review had been carried out early in 2019, it was agreed that a more limited review was more appropriate, as there had been little in the way of change in the Council's structure since that time. As a result, the Panel's report is relatively brief, and should be considered in the context of the recommendations made in its 2019 report, which were later accepted by the Council.

1.2. Representations were invited from all members of the Council, either by phone or e-mail to the chair, in light of the limitations in face-to-face meetings necessitated by the Covid pandemic. The Panel was contacted by four members and is grateful from their input. It also received much helpful background information from Anthony Cox and Sarah Read and wishes to acknowledge the value of their contribution to its deliberations.

Analysis and Recommendations

2.1. In its 2019 report, at a time when it was not apparent that the post-2010 period of austerity had come to an end, the Panel recognised the difficulties members would face, if they resolved to accept any significant increases in allowances which might be recommended by the Panel. But Panels have a duty to assess what the appropriate level of allowances should be, in the light of the range of responsibilities carried out by members, irrespective of the financial context in which councils operate. The Panel was clear that the responsibilities and time commitments of all Walsall councillors had increased significantly since 2010, due to the pressures which had impinged on the Council resulting from austerity (not least, the difficult choices about which services to protect that had to be made in the annual budget), and the additional workload stemming from the Council's membership of the West Midlands Combined Authority. More recently, the challenges of responding to the impact of the Covid pandemic on the health and economic circumstances of the Borough's population have intensified these pressures.

2.2. The Panel's 2019 report pointed out that the real value of members allowances had declined by 22% since 2011, when the Council first decided to limit annual increases in allowances to the level of increase in the NJC officers pay award. In other words, councillors were receiving 22% less, in real terms, in 2019 than they had been in 2011, over a period in which their responsibilities and workload had increased

considerably. In principle, this outcome is palpably unjust, and the Panel was clear that this injustice needed to be remedied.

2.3. In its 2019 report, the Panel provided three options for the Council to consider, if it were minded to accept the recommendation that a substantial increase in allowances was justified. The first was to re-calculate the allowances to restore their 2011 value in real terms. The second was to re-introduce an updated version of the allowances package recommended in the Panel's 2012 report, which was implemented by the Council in 2015, but then subjected to reductions in the light of the impact of austerity on the Council and its citizens. The third was to introduce a schedule of allowances for Walsall which brought it into line with the authorities in Walsall's CIPFA family. For example, why, the report argued, should the leader of Tameside MBC be receiving a special responsibility allowance of £37,000, when in Walsall the leader received only £23,000?

2.4. The report added a recommendation that its' proposals should be implemented as soon as austerity, in so far as it applied to local government, was perceived by the Council to have ended. The recommendations set out in the 2019 were accepted by the Council, but have not yet been implemented, presumably because neither in 2019 nor 2020 was the Council confident that 'the end of austerity' had yet come to pass.

2.5. The Panel is clear that, in principle, the justification for the levels of increases it recommended in 2019 remains. In Appendix One, the figures set out for each option have been updated to incorporate the 4% increase in the cost of living over the past two years. It is of course up to the Council to decide which option (if any) it wishes to support. There may be a case, in the current circumstances, for choosing option one, which restores the real value of allowances to what they were in 2011. This option has a simplicity about it, which might help it to be better understood and accepted by Walsall's residents and the local media than the other options. It is not a 'real increase' in allowances which is being proposed, but rather a re-instatement of the value of what councillors were receiving ten years ago, when their responsibilities and the pressures on their time were undoubtedly less than they are at present.

2.6. Whether or not the Council feels that it is appropriate to implement the Panel's recommendations at the present time is a political judgement only it can make.

2.7. The one substantive change in the Council's decision-making structure since the panel last met has been the designation of a second deputy leader of the Council by the Conservative administration. The Panel's understanding is that this designation came about as a result of the council's proactive response to the Covid pandemic. The second deputy's role (Resilient Communities) is to coordinate the implementation of the Council's response. The Panel's view is that this role is likely to be a temporary measure, which lasts only as long as the pandemic requires it. It is extremely unusual for a Council to appoint two deputy leaders. Under the current schedule of allowances, to re-designate the cabinet member in this way would increase his SRA by £3,500 to £15,214, assuming parity of status with the existing deputy leader is intended. The Panel is prepared to make such a recommendation, so long as it is understood that the need for a second deputy leader is reviewed and reconsidered by the Panel, when the need for these Covid-related responsibilities is no longer felt to be necessary.

2.8. It is important to maintain a balance between the allowances allocated to the leadership positions in both the governing and opposition parties. For this reason, the Panel recommends that the SRA of the leader of the opposition is increased proportionately, by £2,300 to £9,879. This increase should also be reviewed at the same time as that of the second deputy leader.

2.9. In its 2019 report, the Panel argued that its proposals for substantive increase should not be applied to the basic allowance, as, at the time, this was above the West Midlands District's average (Birmingham excepted). But given that the work of all the councillors in Walsall has been increased by the impact of the pandemic, the Panel concluded that a modest increase of 5% could be justified, raising the figure to £11,938.

2.10. The Panel recommends that each of these three proposed increases - the second deputy leader, the opposition leader and the basic allowance - should be introduced irrespective of whether or not the Council decides to introduce one or other of the three options recommended in 2019 and summarised in 2.3 above. If they do so, the recommendations for the first two proposals should be adjusted accordingly to take account of this decision (see Appendix One).

2.11 Otherwise, the basis for the payment of child and other carers allowances, travel and subsistence expenses should remain as at present. The index for uprating allowances on an annual basis should continue to be the NJC award for officers' remuneration, until such time as the government ceases to impose a limit on it.

2.12. The estimated increase in the total cost of the members allowances budget which would result from the implementation of its recommendations set out below are as follows:

*Recommendations 1 and 3 only - £64,736

*Recommendation 1 and 3 and Option One – £83,152

*Recommendations 1 and 3 and Option Two – £94,204

*Recommendations 1 and 3 and Option Three – £109,825 (£59,985)

These totals represent increase of 7.4%, 9.5%, 10.7% and 12.5% respectively on the existing budget of £877,436.

Summary of Recommendations

1 The Basic Allowance should be increased from £11,146 to £11,938.

2 The Council should give consideration as to whether it wishes to implement one of the three options recommended in 2019 by the Panel for increases in SRAs (uprated in this report), which the Panel continues to regard as justifiable in principle.

3 If it chooses not to implement any of these options at present, then the second Deputy Leader of the Council should be allocated an SRA of £15,124, equivalent to

that of the first deputy; and the leader of the opposition's SRA should be increased from £7,579 to £9,879.

4. If one of the three options is selected for implementation, the SRA paid to the second deputy leader should be as specified in Appendix One and the SRA of the opposition leader should be dependent on the option selected. ((1) £11,572 (2) £11,752 (3) £12,581/£11,743, as applicable).

5. If one of the three options is chosen for implementation, then the SRAs paid to the various positions specified should be as set out in Appendix One.

6. The criterion for the annual updating of members allowances should continue to be the NJC award paid to officers in that year, unless the Council resolves not to apply any increase.

7. All other allowances including the allowances for mayor and deputy mayor and travel and subsistence and carers allowances should remain as at present.

Appendix One

Updated schedule of the recommended SRAs in each of the three options set out in the 2019 report. (incorporating a 4% top-up to cover inflation in 2019 and 2020).

	Current SRA	Option 1 Restore 2011 Real Value	Option 2 Reintroduce 2013 package	Option 3 Equivalence with Comparator LA's (50% comparator rate)
Council Leader	£22,841	£28,505	£30,716	£33,325 (£28,435)
Deputy Leader	£14,916	£18,612	£20,370	£20,614 (£18,065)
Cabinet Member	£11,431	£14,266	£15,295	£16,787 (£14,131)
Opposition Leader	£7,430	£ 9,272	£ 9,452	£11,158 (£9,443)
Chair of Scrutiny	£7,430	£ 9,272	£ 9,452	£10,821 (£9,004)
Chair of Planning	£7,430	£ 9,272	£9,592	£11,006 (£9,366)
Chair of Licensing	£9,288	£11,591	£10,615	£10,478 (£10,065)
Chair of Audit	£7,430	£ 9,272	£9,592	£8,551 (£8,129)
Chair of Standards	£4,644	£5,795	£ 5,996	£5,348 (£5,088)
Chair other Cttes	£4,644	£5,795	£ 5,996	£5,348 (£5,088)

Notes

(1). If an SRA is allocated to the second deputy leader, and one of the three options is also implemented, then his or her SRA should be the same as that of the first deputy leader, as set out in each option.

(2). In the same circumstances, the SRA allocated to the opposition leader should be as follows:

Option 1 – £11,572

Option2 – £11,752

Option 3 - £12,581 (11,743)

(3). Some of the expenditure in the above table may not be claimed, in cases where members hold two positions eligible for SRAs.

(4) The figures for expenditure on members' allowances in the above table may need to be adjusted to allow for national insurance payments.

(5) The figures in brackets relating to Option 3 represent the outcome of applying 50% (rather than 100%) of the shortfall between the various SRAs in Walsall, as compared with the average figures for

the comparator authorities. They are included, in case the Council wishes to consider this variant of Option 3.