

BROMSGROVE DISTRICT COUNCIL

REPORT OF THE INDEPENDENT REMUNERATION PANEL ON MEMBERS' ALLOWANCES FOR 2009/10

1. Introduction

- 1.1 In accordance with statutory requirements the Independent Remuneration Panel was appointed by the Council in 2001 to consider and make recommendations on Members' Allowances. The Panel has agreed that it wishes to continue to review and make recommendations on an annual basis. The Council has a duty to have regard to the recommendations made to it by the Panel before it agrees any amendments to the Council's Scheme of Members' Allowances.
- 1.2 The Panel held a series of meetings during November 2008 to January 2009 to undertake the review of allowances for the 2009/10 financial year. During our review we were supplied with benchmarking information as to the level of allowances paid by seventeen similar district councils and those paid by the other district councils within the County. The majority of the benchmarked councils had Comprehensive Performance Assessment (CPA) ratings of Fair or Good.
- 1.3 We invited the Leader of the Council and other Group Leaders to meet collectively with us to respond to specific questions with regard to Members' Allowances and also to provide them with the opportunity to raise issues with the Panel. We subsequently had a meeting with Councillors Mrs. J. M. L. A. Griffiths who attended in place of Councillor R. Hollingworth, Councillor P. M. McDonald, Leader of the Opposition and Councillor Mrs. J. D. Luck, Leader of the Independents and Wythall Residents' Coalition.
- 1.4 We wish to emphasise that the Panel's meetings are private and confidential meetings to which councillors are invited to attend. We regret that details of the discussions at the meeting held on 19th November 2008 subsequently appeared in the local press. In light of these circumstances we agreed to a request to meet with the Leader of the Council. The Panel wishes to reassure the Council that we have always been resolutely independent and impartial and are not influenced by reports and letters in the press.

2. Underlying Principles

- 2.1 As in previous years, the Panel wishes to re-affirm its view that people who seek Council office should do so out of a sense of public service and not purely for the remuneration that may be available. However, the Panel also believes that the time and effort put in by councillors should be recognised and rewarded.
- 2.2 The Panel recognises that local government has changed significantly in recent years, requiring different ways of working. Councillors are now expected to be more professional in their approach, are expected to undergo training and development to achieve competencies in various skills and to keep abreast of the issues and changes affecting local government. In

addition, the future of local democracy is likely to increasingly focus on the role of ward councillors as neighbourhood champions in engaging with local communities.

- 2.3 The Panel's attention was drawn to another authority whose Members' Allowances Scheme linked the payment of allowances to job profiles and training and development. However, the Panel decided not to recommend this approach for Bromsgrove District Council given that a programme of training and development is already ongoing and a requirement for service on committees. The Panel feels that training and development should continue to be delivered by the Council as a responsible organisation and that councillors should also take responsibility for seeking out training to help them undertake their duties more effectively. We also had a concern as to how the true benefits or performance improvement by Members could be measured or assessed.

3. **Voluntary Engagement / Comprehensive Performance Assessment**

- 3.1 The Panel was disappointed to note that the Council continues to be in Voluntary Engagement with the Government. However, we were informed that the Council had received a positive Direction of Travel report from the Audit Commission in March 2008 and had continued to significantly improve its governance, management processes and performance indicators. We are aware that the Council has recently undergone a CPA inspection and self-assessed itself as Good. It is unfortunate that the outcome of the inspection was not available at the time of our review but we understand that the Council hopes to progress from its Poor rating to achieve at least a Fair rating.
- 3.2 The Panel recognises that the Council's commitment to improving its performance in order to emerge from Voluntary Engagement, continues to have a significant impact on the time, effort and workload of Members who have taken on certain positions of responsibility and with this in mind we feel it is appropriate and justified to continue to reward the effort and endeavour of those Members.
- 3.3 **The Panel's recommendations for 2009/10 will be based on the Council receiving a Fair rating. We have proposed one-off bonuses in the event of the Council achieving a Good or Excellent rating.**

4. **Basic Allowance**

- 4.1 Basic Allowance is payable to all Members of the Council and is intended to recognise the time commitment of all councillors, including calls on their time such as meetings with officers, constituents, political group meetings, etc.
- 4.2 In previous years the Panel's recommendations with regard to the level of Basic Allowance have been predominantly guided by benchmarking with other councils and by taking into account the levels of inflation and national pay awards agreed for Council staff. As part of the current review we have been mindful of the Council's request made in January 2008 for the Panel "to present more detailed evaluation of the basis of its recommendations".

- 4.3 Taking into account the Government Guidance on the Members' Allowances Regulations, a commonly accepted formula for the assessment of Basic Allowance is as follows:

Hours for the job x rate for the job x public service contribution

4.4 **'Hours for the job'**

The Panel has been guided by the findings of the 2006 Councillor Census undertaken on behalf of the Local Government Association and the Improvement and Development Agency. For the Census councillors were asked to indicate how much time they spent on attending meetings or committees; engaging with constituents, conducting surgeries and answering enquiries; and other council business such as external meetings, travel, training events or seminars. The average time for a shire district councillor amounted to 17.8 hours. For the purposes of the formula we have rounded this up to 18 hours.

The Panel is aware that a similar Census was undertaken during 2008 but these findings will not be available until sometime in 2009. We will take these findings into account as part of our next annual review.

4.5 **'Rate for the job'**

The Government Guidance states that councils may choose to be guided by the Local Government Association (LGA) daily rate which is based on the national (male) median white collar wage. Alternatively, panels/councils may choose to look at local and regional wage rates as these may seem more appropriate as measures for allowances. The Panel chose to adopt the following regional rate drawn from official labour market statistics on a web based data-base published on behalf of the Office of National Statistics:

Average (median) hourly earnings for 2008 - West Midlands £11.11

4.6 **'Public service contribution'**

This is the proportion of councillors' time that is considered voluntary service (i.e. not remunerated). The Government Guidance stresses that it is important that some element of the work of councillors continues to be voluntary. This must be balanced against the need to ensure that financial loss is not suffered by councillors. Having taken into account background research, the Panel chose to adopt a public service contribution of 50%.

- 4.7 In summary, the formula adopted by the Panel for the calculation of Basic Allowance for 2009/10 is:

$$\frac{(18 \text{ hours} + 45)}{5} \times \text{£}11.11 \times 52 \text{ weeks} \times 50\% \text{ public service contribution} = \text{£}3,640^*$$

** This is a rounded up figure which equates to an increase of around 3%.*

The 18 hours in this formula is taken from the 2006 Councillor Census as referred to in 4.4 above.

- 4.8 The Basic Allowance calculation formula is a product of three variables and the Panel is mindful that very small changes to any of the elements of the formula could result in significant increases in the calculated product. The Panel has therefore incorporated a sensitivity factor or buffer to the 'Hours for the job' element to provide a degree of restraint. This buffer would apply equally to an increase or decrease in the 'Hours for the job' element. In doing so, the Panel is seeking to retain the relative position of Bromsgrove Council's allowances in comparison with other benchmarked councils as it does not wish to elevate the Council's level of Basic Allowance to one which is way above similar councils. The Panel is also mindful of the economic climate and the position of local Council Tax payers.
- 4.9 The Panel believes that the new formula provides an evidenced approach and the basis for consistency. However, we will keep the formula under review in future years.
- 4.10 The formula and the parameters within it are controlled by the Panel and any desired changes would need to be referred to the Panel.

5. **Special Responsibility Allowances**

- 5.1 In order to calculate the recommended levels of Special Responsibility Allowance (SRA) payable for various positions in 2009/10, the Panel has applied a multiplier based on the recommended level of Basic Allowance. This approach will lead to increases of around 3%.
- 5.2 In applying this new multiplier approach the Panel wished to maintain the established differentials between the various positions for which an SRA is payable. The Panel has avoided rounding up or down the multiplier as this would have led to discrepancies in the percentage increases. This has ensured a consistent approach which is fair to the various positions of responsibility. In addition, the Panel did not wish to elevate the Council's SRAs to a level way above similar councils and again was mindful of the economic climate.
- 5.3 The Panel also wishes to highlight that the Council's Scheme of Allowances does not limit the number of SRAs payable to any one councillor whereas some other councils' schemes include a restriction.

5.4 **Shadow Portfolio Holder and Member Champions**

- 5.4.1 The Council will recall that it recently requested the Panel to consider whether an SRA should be payable for the new role of Shadow Portfolio Holder and to Member Champions. The Panel reported back to the Council on 12th November 2008 that it did not wish to make a recommendation at that point in time, although it did recommend that the list of "approved duties" be amended to allow the holders of these positions to claim travelling allowances. This latter recommendation was approved by the full Council.
- 5.4.2 The Panel re-considered the question of whether SRAs should be payable for these positions following its consultation meeting with Group Leaders on 19th November 2008. We concluded that we had not received sufficient further information or detailed evidence to convince us to change our original view.

The Panel therefore re-affirms that it does not wish to recommend the payment of an SRA for the Shadow Portfolio Holder or Member Champions in the current financial year or in 2009/10 for the reasons that we reported to the Council on 12th November 2008, as reproduced below.

- 5.4.3 As the Shadow Portfolio Holder is a new role, the Panel found it difficult to evaluate this role due to the lack of detailed evidence and information as to what the nature of this role actually involves. The Panel felt that the Shadow Portfolio Holder role seemed to involve some duplication given the creation of the new Overview and Scrutiny Boards and the existing roles of the Audit Board and the Leader of the Opposition.
- 5.4.4 The Panel also found it difficult to evaluate the role of Member Champions due to the lack of detailed evidence as to what the nature of these roles actually involves. The Panel was not convinced that the role of Member Champion involves a *significant* degree of additional responsibility over and above the generally accepted duties of a councillor to warrant the payment of a Special Responsibility Allowance. The Panel was mindful that there are currently seven Member Champions and is concerned to avoid a situation where the majority of councillors receive a Special Responsibility Allowance.
- 5.4.5 Government Guidance on the Members' Allowances Regulations emphasises the need to ensure that Special Responsibility Allowances relate to only *significant* additional responsibilities and that it does not necessarily follow that a particular responsibility which is vested to a particular councillor is a *significant* additional responsibility for which a Special Responsibility Allowance should be paid. Furthermore, the Guidance states that if the majority of members of a council receive such an allowance, the local electorate may rightly question whether this was justified.
- 5.4.6 The Panel will re-consider these matters as part of its next annual review when it is hoped that more solid factual evidence will be available.

5.5 Chairmen of Overview and Scrutiny Boards

- 5.5.1 The Panel is aware that, for a trial period until 30th April 2009, the functions previously performed by the Scrutiny Steering Board have been separated and are now being carried out by a new Overview Board and Scrutiny Board. The Council has decided that the same level of SRA paid to the former Chairman of the Scrutiny Steering Board be payable (pro rata) to the Chairmen of both new Boards.
- 5.5.2 Having discussed this matter at length during the consultation meeting with Group Leaders, the Panel concluded that given the equal number of meetings and the same level of time and effort required of both Chairmen, the level of SRA payable to the Chairmen should continue to be equally weighted if the Boards continue to exist beyond the trial period.
- 5.5.3 In the event that the Council decides to revert to the previous Scrutiny Steering Board, the Panel recommends that the same level of SRA be payable to the Chairman of that Board.

5.6 Overview and Scrutiny Task Groups

5.6.1 The Panel has re-considered the question of whether an SRA should be payable to those Members who serve on Overview and Scrutiny Task Groups. At present only the Chairman of a Task Group is entitled to receive an SRA.

5.6.2 The Panel is aware that Members volunteer to serve on Task Groups and that in doing so they are required to attend a number of meetings within a short period of time to enable a Task Group to complete its scrutiny exercise. We recognise that those who choose to participate in Task Groups incur additional time and effort above and beyond those councillors who refrain from such involvement. We therefore recommend that an SRA be paid to each Member who serves on a Task Group, to be payable on completion of the overview/scrutiny exercise.

5.7 Chairmen of Standards Sub-Committees

5.7.1 The Panel is aware that the process by which complaints against councillors are handled has changed as a result of the Local Government and Public Involvement in Health Act 2007 so that alleged breaches against the Code of Conduct may now be assessed and determined at a local level. The Council's Standards Committee has established 3 Sub-Committees to deal with this process and each must be chaired by an independent member of the Standards Committee.

5.7.2 The Council has received representations from the Association of Independent Members of Standards Committees in England with regard to the question of allowances for independent members of Standards Committee who have suggested that independent members should have greater access to allowances. At present, with the exception of the allowance payable to the independent Chairman, the independent and parish council representatives on Bromsgrove's Standards Committee can only claim travelling allowances.

5.7.3 The Panel has taken into account these representations and the level of the workload which the new local investigation and determination process has generated for the Standards Committee/Sub-Committees. The Panel is of the view that the level of responsibility, time demands and effort involved in chairing a Standards Sub-Committee is equivalent to chairing a Licensing Sub-Committee and we therefore recommend that a similar level of allowance be payable to any independent person other than the Chairman of the Standards Committee who chairs a Standards Sub-Committee.

5.8 Chairman of the Audit Board

5.8.1 The Panel has re-assessed the level of SRA payable to the Chairman of the Audit Board. At present the level of SRA is equally weighted with that payable to the Chairmen of the Performance Management Board and the Overview and Scrutiny Boards. This is an anomaly given that these Boards are scheduled to meet 12 times per year whereas the Audit Board has only 4 scheduled meetings. The Panel therefore recommends that the level of SRA

for the Chairman of the Audit Board be reduced to the equivalent of one third of that payable to the other Board Chairmen.

5.9 Group Leaders

5.9.1 The Panel has reviewed the SRAs paid to various Group Leaders and we have agreed to recommend that the SRAs for the Leader of the Council, the Leader of the Opposition and other Group Leaders be paid on the same basis as the current financial year.

5.10 Local Neighbourhood Partnerships

5.10.1 The Panel has been informed of the developments with regard to Local Neighbourhood Partnerships (LNPs) (formerly known as Area Committees). We note that LNPs are not currently part of the Council's formally constituted Committees and we wish to re-affirm our previous stance that no SRA be payable to the Chairman of LNPs.

5.11 Local Government and Public Involvement in Health Act

5.11.1 The Panel's attention has again been drawn to the Local Government and Public Involvement in Health Act (LGPIH) 2007. We have taken account of the impact of the Act on the process for dealing with complaints about Members in section 5.6 of the report.

5.11.2 We have noted that, at the time of writing, some of the provisions of the Act are subject to separate regulations and guidance which are awaited. We are aware that the Act will extend the legal framework for overview and scrutiny which may impact on our future reviews of allowances. However, at this point in time the Panel can only note these developments.

5.11.3 The Panel is also aware that the Council will, in due course, consider full reports on the LGPIH Act in order to form a view on the executive arrangements it wishes to adopt and the extent (if any) to which decision-making powers are to be delegated to individual Members. The Panel will take account of any developments as part of its future reviews of allowances.

6. Travelling and Subsistence Allowances

6.1 Having taken into account the changes made in the past two years to the list of "approved duties" which qualify for the payment of travelling and subsistence allowances, including the recent addition of duties undertaken by the Shadow Portfolio Holder and Member Champions, the Panel does not wish to recommend any further changes for 2009/10.

6.2 Having reviewed the levels of subsistence allowance payable under the Council's Scheme of Allowances for 2008/09, the Panel does wish to recommend any further increases for 2009/10.

7. Recommendations

In conclusion the Panel has taken account of the current and forecast economic crisis. The Panel therefore considers its recommendations for 2009/10 fair and equitable to both councillors and local Council Tax Payers.

In summary, the Panel unanimously recommends:

(1) That based on the formula set out in section 4.7 of the report and subject to the Council receiving a Fair CPA rating, the Basic Allowance payable to every Member of the Council be increased from £3,536 to £3,640 for 2009/10.

(2) That in the event the Council receives a higher CPA rating, the Basic Allowance be increased by a one-off bonus in 2009/10 as follows:

Good CPA – formula calculation plus 4%

Excellent CPA – formula calculation plus 10%

(3) That based on the multiplier of the Basic Allowance for 2009/10, and subject to the Council receiving a Fair CPA rating, the following levels of Special Responsibility Allowances be payable in 2009/10:

Position	Current SRA	Multiplier of Basic Allowance	Recommended SRA for 2009/10
Leader of the Council	£7,175 plus £128 x number of members of their group	2.029 plus 0.036	£7,385 plus £132 x number of members of their group
Leader of the Opposition	£513 plus £128 x number of members of their group	0.145 plus 0.036	£528 plus £132 x number of members of their group
All other Group Leaders	£128 x number of members of their group	0.036	£132 x number of members of their group
Deputy Leader	£6,406	1.812	£6,594
Other Cabinet Members	£4,613	1.305	£4,748
Chairman of Planning Committee	£3,331	0.942	£3,429
Chairman of Performance Management Board	£3,075	0.870	£3,165
Chairmen of Overview Board and Scrutiny Board (or Chairman of Scrutiny Steering Board)	£3,075	0.870	£3,165
Chairman of Audit Board	£3,075	0.290	£1,055

Position	Current SRA	Multiplier of Basic Allowance	Recommended SRA for 2009/10
Chairman of Standards Committee <i>(to be paid as a co-optee's allowance to independent person)</i>	£1,777	0.503	£1,829
Chairmen of Overview and Scrutiny Task Groups	£205 (payable on completion of task)	0.058	£211 (payable on completion of task)
Members of Overview and Scrutiny Task Groups	N/A	0.029	£106 (payable on completion of task)
Chairman of Licensing Committee	£103 per meeting	0.029	£106 per meeting
Chairman of Licensing Sub-Committee	£103 per meeting	0.029	£106 per meeting
Chairman of Standards Sub-Committee <i>(to be paid as a co-optee's allowance to independent persons)</i>	N/A	0.029	£106 per meeting
Chairman of Appeals Committee	£103 per meeting	0.029	£106 per meeting
Chairman of Electoral Matters Committee	£103 per meeting	0.029	£106 per meeting
Chairman of Appointments Committee	£103 per meeting	0.029	£106 per meeting

- (4) That in the event the Council receives a higher CPA rating, the above recommended levels of Special Responsibility Allowances be increased by a one-off bonus in 2009/10 of 4% for a Good CPA rating or 10% for an Excellent CPA.
- (5) That no Special Responsibility Allowances be payable to the Shadow Portfolio Holder or Member Champions in the current financial year or in 2009/10.
- (6) That no Special Responsibility Allowances be payable to the Chairmen of Local Neighbourhood Partnerships in 2009/10.

Independent Remuneration Panel
5th January 2009