

**APPENDIX 1**

**REPORT OF THE INDEPENDENT REMUNERATION PANEL ON  
MEMBERS' ALLOWANCES**

**NOVEMBER 2011**

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## 1.0 **CHAIRMAN'S FOREWORD**

- 1.1 The Independent Remuneration Panel met on 11 July 2011 to review the Council's Members' Allowances Scheme in the light of the Leader's decision to redesign the areas of responsibility for each of the Portfolio Holders and the Council's confirmation of his decision to appoint six new Deputy Portfolio Holders. Other structural changes include the removal of the Chair of the Strategic Planning Committee, as well as the three Area Licensing Committees and the non-appointment of the six Member Champions.
- 1.2 In advance of the meeting we were requested to consider the implications of the new structure, as set out in the report to the Council on 12 May 2011 attached at Appendix 2, and the additional information relating to the role of the new offices of Deputy Portfolio Holder, including a proposed job description and allocation of functional responsibilities to the Portfolio Holders and their Deputies, as attached at Appendix 3.
- 1.3 On this occasion the Panel met with the Leader of the Council, its Chief Executive, the Portfolio Holder for Economic Growth and Prosperity, as well as two of the three Opposition Group Leaders. And it was with considerable regret that I reported to my colleagues the resignation of Alan Weaver, the TUC Regional Policy and Campaigns Officer, immediately prior to the meeting.
- 1.4 Alan was first appointed to the Shropshire County Council Independent Remuneration Panel in 2000 and has made an invaluable contribution to its work for over a decade. I would like to thank him for his extremely valuable contribution to the work of the Panel during this time and for the assistance and support he has given me in my role as Chairman.
- 1.5 In the sections of the report which follow, we set out the rationale for our recommendation on which we are unanimous.

Ciaran Martin  
Chairman

November 2011

## 2.0 **INTRODUCTION**

- 2.1 We have been invited to review the Council's Members' Allowances Scheme following the introduction of new Cabinet Portfolios and accountabilities at the Annual Meeting in May 2011. These incorporate the creation of five new portfolio areas, with the introduction of six individual Deputy Portfolio Holder posts to support the Leader and his nine other Cabinet members.
- 2.2 During our deliberations we discussed with the Leader and the Portfolio Holder for Economic Growth and Prosperity, as well as the Chief Executive and the Liberal Democrat and Labour Group Leaders the changes in responsibilities of the Area Planning Committee Chairs and Vice-Chairs and that of the Strategic Licensing Committee Vice-Chair, following the dissolution of the Strategic Planning Committee and the three Area Licensing Committees.
- 2.3 We have also received written representations from the Chair of the Audit Committee, Mr B B Williams, on the expansion of his role in recent times and the possible amendment to the rules on travel expenses; from the Deputy Leader of the Liberal Democrat Group, Mr R A Evans, on the Council's decision not to reappoint the Member Champions and oral representations from the Leaders of the Liberal Democrat and Labour Groups on these matters as well as the election of only majority members to all five Scrutiny Committee Chairs.

## 3.0 **PRINCIPLES**

- 3.1 The principles upon which the Council's scheme is based are reviewed whenever we meet so as to ensure that these remain fundamentally correct and accord with both statute and current best practice. Currently, the principles upon which we are operating are:
- No member should be out of pocket as a result of undertaking his/her public duties;
  - The level of allowances should not act as a disincentive to anyone wishing to stand for election to the Council;
  - The Government's expectation that the voluntary nature of the office of Councillor requires a public service discount to be incorporated in the calculation of the final allowance paid; and
  - The method of determining the number and level of Special Responsibility Allowances payable to senior office holders is fair and transparent.
- 3.2 We are convinced that by maintaining these principles the Council will have a scheme which is sufficiently robust to withstand any challenge.

#### 4.0 **METHODOLOGY**

4.1 As mentioned above, before commencing this review. The Panel considered the following documents:

- Leader's Report to Council on the appointment of Portfolio Holders, Deputy Portfolio Holders and Member Champions
- Table on new Cabinet Portfolios and Accountabilities
- Briefing Note from the Democratic Services and Elections Manager on the Proposed Job Description for Deputy Portfolio Holders
- Leader's proposals for Portfolio Holder Responsibilities of Deputy Portfolio Holders
- Table of Special Responsibility Allowances as at 1 April 2011
- Table of Special Responsibility Allowances as proposed from 12 May 2011
- Formal request for the review of the Audit Committee Chair's Special Responsibility Allowance and the enlargement of the Council's current interpretation of what constitutes an approved duty with respect to travel expenses.

4.2 We have received a briefing on the background to, and potential benefits of, the new Cabinet structure from both the Chief Executive, Mr Kim Ryley and the Leader of the Council, Councillor K R Barrow. Additional information relating to the administration and management of planning applications and its impact on the workload of the Area Planning Committee Chairs and Vice-Chairs was presented by Councillor M T Price the Portfolio Holder for Economic Growth and Prosperity.

4.3 All three Opposition Group Leaders, Councillors N J Hartin, A N Mosley and Mrs P A Dee were invited to present their thoughts on the introduction of the most recent changes to the organisational structure and any other concerns they may have about the Allowance Scheme.

4.4 The Leader of the Independent Group, Mrs P A Dee, was unable to attend in person on the day. However, the Leader of the second largest group, Councillor N J Hartin (Liberal Democrat) and the Leader of the third largest group, Councillor A N Mosley (Labour) were able to attend.

4.5 The conclusions set out in the following sections of this report have been reached after listening carefully to statements made in person by the Leader of the Council, the Chief Executive, the Portfolio Holder for Economic Growth and Prosperity, the Leaders of the Liberal Democrat and Labour Groups and to their replies to our numerous questions. We have also given due regard to the written representation received surrounding allowances payable in respect

of Members' travel on official engagements, otherwise known as 'approved duties', and the Audit Committee Chair's Special Responsibility Allowance.

- 4.6 When we last spoke to the Leader of the Council in November 2010 we were informed that his assessment of the workload being undertaken by his Cabinet colleagues was greater than had been expected and was continuing to grow. At that time he felt it was premature to make structural changes but, the revised structure incorporating six new Deputy Portfolio Holder posts had not been anticipated by the Panel.
- 4.7 We have subsequently learned that the office of Deputy Portfolio Holder is still a relatively new feature in the existing allowances landscape. To date, only eleven councils have appointed Deputy Portfolio Holders and at this time no settled job description for this role can be said to exist. Perhaps for this reason and as borne out by the table below, the level of allowance varies greatly:

<b>Name of Council</b>	<b>Number of Deputy Portfolio Holders</b>	<b>Deputy Portfolio Holder Allowance (Annual)</b>	<b>Portfolio Holders' Allowance (Annual)</b>	<b>Leader's Allowance (Annual)</b>	<b>Deputy Portfolio Percentage Relative to Leader's SRA</b>
Braintree District Council	5	£4,446	£8,892	£13,338	33.3%
Epping Forest District Council	8	No Allowance Paid	£6,300	£7,875	N/A
Essex County Council	13	£13,375	£35,310	£53,500	25%
Kent County Council	10	£12,936	£28,029	£43,122	30%
Lambeth Council	4	£10,905	£28,518	£40,617	26.9%
Newcastle City Council	7	£1,742	£6,533	£17,420	10%
Nottinghamshire County Council	5	£10,635	£21,271	£31,906	33%
Oldham Council	4	£6,712	£13,425	£26,850	25%
Swale Borough Council	4	£3,510	£7,020	£11,700	30%
West Sussex County Council	10	£4,751	£19,122	£30,744	15.5%
Westminster City Council	14	£4,000	£10,000	£35,000	11.4%

- 4.8 We have been advised that statute precludes Deputy Portfolio Holders from deputising or substituting for their Cabinet principals at public meetings. This is because the Government considers such an arrangement would reduce transparency and blur accountability for decision-making, both of which are considered essential components in the operation of the current executive arrangements.
- 4.9 Consequently, as confirmed by both the Leader and the Chief Executive, under the present arrangements, responsibility for each Cabinet Portfolio and accountability for all decisions taken must continue to rest with the appointed Portfolio Holder, or the Cabinet as a whole. We also learned that the Deputy Portfolio Holder's role is further circumscribed by the inability to take formal decisions on behalf of the Council. However, while the new office holders are not able to act as formal deputies, they will be available to assist the Leader and his Cabinet to meet the transformation objectives at a time of increasing complexity and further budget reductions. The office will also provide those members with limited executive experience with an opportunity to develop their skills in this area.
- 4.10 The Chief Executive suggested to us that the appointment of the six Deputy Portfolio Holders will reduce some of the burden currently experienced by their principals by undertaking research and representing them at various meetings. The range of duties contained in the proposed job description, set out in Appendix 3 to the report, appears to bear this out.
- 4.11 However, these appointments do not have universal support within the minority groups on the Council. While the Leader of the Liberal Democrat Group, Councillor N J Hartin, accepts the need for them, he does not believe that their introduction should have led to the removal of the Member Champion roles. Also neither should any allowances paid to the Deputy Portfolio Holders result in an increase in the budget provision for Special Responsibility Allowances (SRAs).
- 4.12 The Labour Group Leader, Councillor A N Mosley, considers that the appointment of Deputy Portfolio Holders adds complexity to the current scheme. His concern centres on the dilution in transparency for the public, as well as the possible reduction in accountability, over the previous arrangements.
- 4.13 Some dissatisfaction was also expressed about the recent election of members of the controlling group to all five of the Scrutiny Chairs, thereby resulting in that group now receiving 94% (32 of 34) of the SRAs; a proportion which is significantly in excess of the 70% (52 of 74) of the Council seats it holds at present. We are aware that the 2003 Regulations state that a Special Responsibility Allowance shall be paid to at least one person who is not a member of the controlling group. With two minority group members (i.e. the Leaders of both the Liberal Democrat and Labour Group), receiving SRAs, the Council's scheme can be said to accord with the statutory provisions.

Nevertheless, the Panel is concerned that the of the recent structural changes could be misconstrued, resulting in a negative impression of the controlling group's intentions.

- 4.14 In reply to these points, the Leader of the Council has explained that the changes have been made to improve the Scrutiny process, which had not always operated as effectively as it could. Similarly, the contribution made by Member Champions since their introduction had been mixed at best. Therefore, their continuation had always been in doubt.
- 4.16 During discussions with us, Councillor Hartin also stated that recent changes in the responsibilities of the Area Planning Committee Chairs meant that their current SRAs were no longer warranted. He suggested that the current provision should be divided between the Chairs and Vice-Chairs of the three Area Planning Committees. This point was reinforced by the Portfolio Holder for Economic Growth and Prosperity, Mr M T Price, from whom we learned that significant changes to the administration of the planning function, including a 20% reduction in staff and an increase in the level of officer delegations, had improved operational efficiency.
- 4.17 Mr Price stated that these changes had reduced the workload of the three Area Planning Committee Chairs and he concurred with the view that the SRAs they were receiving were now too high. He also agreed that the total should be shared between the Chairs and Vice-Chairs on, say, a 70 : 30 basis to reflect more accurately their increased involvement in the decision making process.
- 4.18 This view was also supported by the Leader of the Liberal Democrats and also the Leader of the Council and the Chief Executive. In discussion, Mr Price suggested that to prevent any anomaly being created, the Panel ought to review the position of the Vice-Chair of the Strategic Licensing Committee if we were minded to recommend SRAs for the Planning Committee Vice-Chairs.
- 4.19 Following receipt of the written and oral representations referred to earlier, we have reviewed the current level of the Special Responsibility Allowances attaching to the Audit Committee Chair, and the local definition of an approved duty under the Council's Allowances Scheme, as well as the mileage rate payable for use of bicycles by Members.



## 5.0 **RECOMMENDATIONS AND CONCLUSIONS**

### **General**

- 5.1 We consider that, unless otherwise referred to in this section of the report, the Special Responsibility Allowances for all other offices, as well as the travel, subsistence and overnight allowances, should remain unchanged and recommend accordingly.
- 5.2 We recognise and respect the Council's decision to discount the level of its Basic Allowance by 5% with effect from 1 April 2011, given the difficult economic climate. However, we remain convinced that the level of the Basic Allowance set in April 2010 remains appropriate.
- 5.3 To ensure that the recommendations which follow remain consistent in tone with the rest of the scheme, we have again used the 2010 Basic Allowance of £12,120 per annum to determine the multiplier for each office. We have then reduced the recommended amount payable by 5% to reflect the latest position.

### **Deputy Portfolio Holders**

- 5.4 We are aware that this is a relatively new and untested role both locally and nationally, but we are persuaded by the case for a Special Responsibility Allowance for the new office holders after hearing the case presented by the Leader of the Council and the Chief Executive. We have taken full account of the content of the job description attached as an Appendix to this report. However, our recommendation must reflect the legal limitations on the amount of discretion available to the new Deputy Portfolio Holders, as well as the value that they bring to their Cabinet principals. We also recognise that the offices are capable of providing a useful learning opportunity for less experienced members of the Administration, but it has yet to be demonstrated how successful they might be with regard to succession planning.
- 5.5 When Special Responsibility Allowances have been requested in the past it has been our usual practice to defer any recommendation until we have empirical evidence of the relative importance of that particular office and to then backdate the allowance to the date of appointment. However, on this occasion, while we are not able to assess the full impact of these offices at this time, we consider that the Deputy Portfolio Holders' job description provides sufficient content to justify an interim payment pending a comprehensive review of the role in 12 months' time.
- 5.6 We therefore recommend that the Deputy Portfolio Holders receive Special Responsibility Allowances of 25% of the Basic Allowance set at 1 April 2010 (as adjusted by the Council with effect from 1 April 2011) with effect from the date of their appointment of 12 May 2011. This will result in each of the six office holders receiving a payment of £2,878.50 in the current year. We also recommend that any future adjustment is backdated to the date of appointment.

## **Scrutiny Chairs**

- 5.7 The Leaders of both the Liberal Democrat and Labour Groups and the Deputy Leader of the Liberal Democrat Group have expressed concern about the majority Group taking all five Scrutiny Committee Chairs. We are aware that this runs counter to the Council's Overview and Scrutiny Procedure Rules which state:

"Best practice however dictates that the Chair of the Committee is not normally a member of the controlling political group(s)."

However, the Chief Executive has explained that this arrangement is by no means unique. Indeed, following further research we understand that in 2009/10 the Scrutiny Chairs were held by the controlling group of the Council in approximately 30% of authorities.

- 5.8 Despite this, we do have concerns about the perception of this change. While it is premature to reach any conclusions after so little practical experience, we would wish to review the position further at a future date in the light of evidence collected from elsewhere.

## **Area Planning Committee Chairs**

- 5.9 We have been persuaded by the comments of the Portfolio Holder for Economic Growth and Prosperity, as well as the Leader and the Chief Executive that there has been a significant reduction in the workload of the Area Planning Committees following increased Officer delegation since 1 April 2011. This, in turn, appears to have reduced the time requirement and responsibilities attaching to the role of each of the three Area Planning Committee Chairs, such that a reduction in the current Special Responsibility Allowance of 0.75 to 0.5 of the Basic Allowance set at 1 April 2010 (as adjusted) is appropriate and we recommend accordingly. This equates to an allowance of £5,757 per annum which should take immediate effect.

## **Vice-Chairs of Area Planning Committees and Strategic Licensing Committee**

- 5.10 As a concomitant of the changes referred to above, we have been informed that following structural changes, the role of the Vice-Chair in respect of all of the regulatory functions of the Council has increased such that they are now actively involved in the decision-making process and are required to exercise discretion on a regular basis.
- 5.11 In view of these changes, we accept the need to depart from our traditional view that the Vice-Chairmanship should be regarded as a training role and recommend that all four offices receive a Special Responsibility Allowance of 0.125 of the Basic Allowance set at 1 April 2010 (as adjusted). This equates to a payment of £1,439.30 in a full year and this amount should be backdated to 12 May 2011.

## **Chair of Audit Committee**

- 5.12 The representations received from the Chair of the Audit Committee, Mr B B Williams, were borne out in our discussions with the Leader and the Chief Executive, who added that the complexity and responsibility of this role would increase markedly when the decision to dispense with the Audit Commission takes effect shortly. Indeed, the Audit Committee Chair's role will then be enhanced particularly in respect of propriety and for securing value for money. Consequently, we accept that an increase in the current level of 0.25 of the Basic Allowance is appropriate.
- 5.13 Therefore, in light of the additional information provided, we recommend that the Special Responsibility Allowance payable to the Chair of the Audit Committee be increased from 0.25 to 0.5 of the Basic Allowance, set at 1 April 2010 (as adjusted). This equates to an allowance of £5,757 per annum and this should be backdated to 12 May 2011.

## **Travel Allowances**

- 5.14 Two Members have invited us to give further thought to the current definition of what constitutes an "Approved Duty" under the Council's Allowances Scheme. Their concern is that the current interpretation is too narrow and the final two bullet points of paragraph 4(i) of Schedule 2 of the scheme should be expanded to enable additional journeys to be eligible.
- 5.15 The first of these two paragraphs provides Members with the opportunity to claim travel allowance for attending functions/visits if first approved by the Council in connection with the discharge of one of its functions. The second enables Members to claim an allowance without such prior approval for any duty undertaken in connection with the discharge of a Council function by virtue of them being elected to the office of Councillor. But there is an expectation that these duties relate to matters within their own division.
- 5.16 The first suggested extension would allow Councillors to claim travel for attending public functions within their divisions where they have not received a specific invitation, but where they consider it likely that they will come into contact with their local electorate. The second seeks to provide the opportunity for Members to claim travel allowance for deciding to attend a function anywhere within the Council's area, as distinct from the Member's own electoral division.
- 5.17 We are not persuaded that there is merit in extending the interpretation of the former but some change in the case of the latter seems appropriate. Therefore, we recommend that the Council does not accede to the request to extend the meaning of the following:-
- Any other duty approved by the authority in connection with discharging the duties of the authority or its committees or sub-committees

For the sake of clarity, a Member should have the explicit approval of the Council/Cabinet Committee or relevant Portfolio Holder for any such purpose before undertaking a journey if he/she wishes to claim a travel allowance.

5.18 As regards to the following rule:

- Any duty undertaken in connection with the discharge of the functions of the Council by virtue of holding the office of Councillor, or co-optee or Appointed Member.

This has been regarded as authority for Members to incur travel expenses on matters connected with a Council function within their own divisions. We recommend that this should continue to be the case in most circumstances, but also recognise that circumstances may arise when travel outside a division would be justified. These circumstances would relate to an issue of considerable significance and such public interest that travel is justified. Members should not see this as an approval to travel at will outside their divisions, but only as circumstances truly require it in the public interest. Such travel should be subject to the normal expenses audit process and to further review by the appropriate Officer to ensure complete compliance in terms of significance and relevance. In case of doubt or query, a referral should be made to the Chief Executive preferably before the journey is undertaken and the rule re-written as follows:

- Any duty undertaken in connection with the discharge of the functions of the Council within that Member's electoral division and only outside that division if justified by significant circumstances, by virtue of holding the office of Councillor, or Co-optee or Appointed Member.

### **Bicycle Allowance**

5.19 Finally, we recommend that in the interests of consistency, the bicycle allowance be reduced from the present 46p per mile to 40p per mile, being the same as the current mileage rate payable in respect of motor vehicles.

### **Conclusions**

5.20 The Panel always strives to make recommendations that are entirely objective and independent of any background considerations. Hence our earlier recommendation to maintain the level of the Basic Allowance from 1 April 2011. However, the current unprecedented financial circumstances in which the Council, Councillors and Council employees are working cannot be ignored.

5.21 As a consequence, when considering our recommendations, we were keen that they should not add further cost at such a difficult time. Thankfully, it has been possible to achieve this aim whilst also maintaining the pure principles that underpin our recommendations, as can be seen from Appendices 4 and 5 which demonstrate a saving of £4,317.96 in a full year.

Ciaran Martin (Chairman)  
Julia Baron  
June Jones

James Parker  
John Thomas

November 2011