

APPENDIX 1

REPORT OF THE INDEPENDENT REMUNERATION PANEL ON MEMBERS' ALLOWANCES

FEBRUARY 2012

CONTENTS

	PAGE
CHAIRMAN'S FOREWORD	3
INTRODUCTION	4
PRINCIPLES	5
METHODOLOGY	5-7
RECOMMENDATIONS AND CONCLUSIONS	7-11

1.0 **CHAIRMAN'S FOREWORD**

- 1.1 The Independent Remuneration Panel met on Monday, 9 January 2012 to complete the statutory annual review of the Council's Members' Allowance Scheme.
- 1.2 On this occasion the Panel met with the Leader of the Council, its Chief Executive, the three opposition Group Leaders, two Deputy Portfolio Holders, the Chairman of the Performance and Strategy Scrutiny Committee, the Chairman of the Licensing Sub-Committee and the Deputy Leader of the Liberal Democrat Group.
- 1.3 In advance of the meeting we were asked to consider some comparative information from the neighbouring unitary councils in Cheshire West and Chester, Herefordshire and Telford and Wrekin as well as from Cornwall and Wiltshire, two unitary authorities which were formed at the same time as Shropshire. In addition to this we were also asked to consider a number of national documents relating to Members' Allowances.
- 1.4 In the sections of the report which follow, we set out the rationale for our recommendations on which we are unanimous.

**Ciaran Martin
Chairman**

February 2012

2.0 **INTRODUCTION**

- 2.1 The Local Authority (Members Allowances) (England) Regulations 2003, as amended, require the Council to review its scheme of Members' Allowances by 31 March each year. Before our meeting all Shropshire Councillors were invited to give evidence to the Panel.
- 2.2 In response we received written representations from Councillor Robert Tindall on the level of Special Responsibility Allowance paid to Deputy Portfolio Holders, Councillor David Evans on the level of Special Responsibility Allowance paid to Area Planning Committee Chairs' and Councillor Peter Adams on whether the Chair of the Licensing Sub-Committee should be entitled to a Special Responsibility Allowance. Subsequently, Cllr Adams chose to reinforce his case by speaking directly to the Panel about his concerns.
- 2.3 During our deliberations we discussed the matters referred to in the paragraph above and the allowance scheme in general with the Leader of the Council, its Chief Executive, the three other Group Leaders, two of the six Deputy Portfolio Holders, the Chair of the Performance and Strategy Scrutiny Committee, the Chair of the Licensing Sub-Committee and the Deputy Leader of the Liberal Democrat Group.

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.

3.3 We also believe it is important to emphasise that the Basic Allowance, in part, is meant to recognise a proportion of the time that Councillors spend on their official duties.

4.0 **METHODOLOGY**

4.1 Before commencing this review, the Panel considered the following documents:

- Table of Shropshire Council Special Responsibility Allowances from 16 December 2011.
- Formal request from Councillor Robert Tindall to review the level of Special Responsibility Allowance for the Deputy Portfolio Holders.
- Formal request from Councillor Peter Adams to review whether the Chair of the Licensing Sub-Committee should receive a Special Responsibility Allowance.
- Formal request from Councillor David Evans to review the level of Special Responsibility Allowance for the Chairs' of the Area Planning Committees.
- The IDEA National Census of Local Authority Councillors 2010 – Executive Summary.

- The Summary Findings of the IDEA's Members' Allowances Survey of 2008/09.
 - The Office of National Statistics Patterns of Pay: Results of the Annual Survey of Hours and Earnings 1997 to 2010.
 - The Local Government Employers Local Government Pay 2010/11 Circular issued on 2010.
 - The Local Government Employers Local Government Pay and Chancellor's Budget Statement – issued 8 July 2010.
 - The Local Government Employers NJC Car Allowances 2010/11 issued 14 July 2010.
 - Information from the neighbouring unitary councils in Cheshire West and Chester, Herefordshire and Telford and Wrekin as well as from Cornwall and Wiltshire, two unitary authorities which were formed at the same time as Shropshire.
- 4.2 The Leader and Deputy Leader of the Liberal Democrat Group in discussions with the Panel raised a concern over the number of Special Responsibility Allowances paid to Administration members in comparison to the Opposition members. Both stated that they were aware the Licensing Sub-Committee Chair had a considerable workload in light of the increase in licensing applications.
- 4.3 The Leader of the Independent Group stated that she was generally happy with the Members' Allowance Scheme. She still believed that the Chairs of Planning had a considerable work load despite the recent changes in the increase of officer delegation powers. The Chair of the Licensing Sub-Committee in her view deserved a Special Responsibility Allowance. The role of the new Deputy Portfolio Holders was still evolving, so she remained unsure of their individual and collective responsibilities.
- 4.5 The Leader of the Labour Group stated that he remained concerned over the proportion of Special Responsibility Allowances paid to Administration Members in comparison to the Opposition Members, particularly as the Scrutiny Chairs' were now all members of the Administration. He suggested that Vice-Chairs of Scrutiny Committees should perhaps be awarded a Special Responsibility Allowance to offset the perceived imbalance. He was content that the allowance for Deputy Portfolio Holders was reasonable, particularly given the current financial climate and that this role was still evolving.
- 4.6 The Chief Executive and Leader of the Council both described how they saw the role of a Councillor evolving, particularly with the advent of the new Localism Bill. They both asked the Panel to give consideration to the important changes which Members would be

required to make when developing the scheme in advance of the 2013 elections. The Leader of the Council saw the Deputy Portfolio Holders' role as very important, believing they had already started to show their worth by giving considerable help to Cabinet Members. He also saw the role as one of development for future progression within the Council.

- 4.7 The two Deputy Portfolio Holders that gave evidence to Panel, Councillors Karen Burgoyne and Claire Wild, both emphasised their substantial workload with increased responsibilities. Their view was that the current Special Responsibility Allowance did not reflect the level or responsibility of the work they were undertaking. Similarly, Deputy Portfolio Holder, Councillor Robert Tindall's written submission stated that the Special Responsibility Allowance was not at a high enough rate for the nature of the role.
- 4.8 The Chair of the Licensing Sub-Committee gave clear evidence to the Panel that the workload of the Committee had substantially increased in recent times. He was surprised that the role did not attract a Special Responsibility Allowance, as the former Area Licensing Committee Chairs had all received an allowance in the past. And, because he also held the Vice-Chairmanship of the Licensing Sub-Committee, he believed that this had helped to bring a level of continuity and increased understanding to the role.
- 4.9 The Chair of the Performance and Strategy Scrutiny Committee outlined his general views of the scheme and described the current role of a Scrutiny Chair and the need to recognise the separate but interrelated aspects of holding the executive to account, policy development and policy review. He explained how he was acutely aware of the need for Scrutiny to improve its effectiveness.

5.0 **RECOMMENDATIONS AND CONCLUSIONS**

5.1 **BASIC ALLOWANCE**

- 5.2 Last year we recognised and respected the Council's decision to discount the level of its Basic Allowance by 5% given the difficult economic climate. We recommend no change to the Basic Allowance (£11,514.00 per annum) at the present time.

5.3 **CHAIRMAN OF LICENSING SUB-COMMITTEE**

- 5.4 From everyone who gave evidence to us it was evident that the Chairman of the Licensing Sub-Committee has had a significant increase in workload in the last year. We recognise that workloads can fluctuate at any given time and this alone should not determine whether a role should have a Special Responsibility Allowance. We are also mindful that the former Area Licensing Committee Chairs had all received a Special Responsibility Allowance payment. Having

evaluated the written evidence presented and in our discussions with those that presented evidence to the Panel, we believe that the role is worthy of a Special Responsibility Allowance.

- 5.5 The current Chairman of the Sub-Committee is also the Vice-Chair of the Strategic Licensing Committee. We believe that there is value in the two roles being fulfilled by the same person, due to the link and continuity it brings from the Strategic Licensing Committee to the Sub-Committee. We therefore recommend that this continues to be the case in the interests of consistency and that the constitution be amended to reflect this. Further, a composite Special Responsibility Allowance for the Vice Chair of Strategic Licensing Committee/Chair of Licensing Sub Committee should be included in the scheme and that the allowance be set at £2,878.50 per annum (0.25 of the Basic Allowance).

5.6 CHAIRS OF AREA PLANNING COMMITTEES

- 5.7 The Panel considered a formal request from Councillor David Evans, one of the three Chairs of the Area Planning Committees, to review the recent 30% reduction in the Special Responsibility Allowance for the Chairs of Area Planning. The Panel's last report recommended that the Vice-Chairs of Area Planning be given a Special Responsibility Allowance and the allowance of the Area Planning Chairs be reduced. After careful consideration following discussion with those that gave evidence, the Panel recommends that the decision of the Council in December 2011 be reaffirmed and that there be no change to the present arrangements.

5.8 DEPUTY PORTFOLIO HOLDERS

- 5.9 The Panel received written representations from Councillor Robert Tindall and discussed the introduction of this new role in person with Councillors Claire Wild and Karen Burgoyne, two of the six holders of these offices. We also invited comments from all the Group Leaders and the Chief Executive by asking them how they felt the role of Deputy Portfolio Holder was developing.
- 5.10 As we expected, particularly after so little time since their introduction, opinions on the effectiveness of the role varied considerably. Some commented that the initial Special Responsibility Allowance (SRA) was a suitable compromise, given the novel nature of the office. Whilst other comments related to the statutory constraints on the range of duties that Deputy Portfolio Holders can lawfully undertake at present. Finally some people commented that despite legal and constitutional constraints, the office holders had performed their support task with commitment and efficiency.

- 5.11 Clearly, there has been an opportunity for individual interpretation of the new role and this has encouraged some misunderstanding of its purpose. Our understanding is that the purpose of the role is to assist the busy Portfolio Holders undertaking their wide range of duties and responsibilities. But it is the Portfolio Holders who must remain legally responsible and accountable for actions taken in their names. However, when this is taken into account, there is a general recognition that a proper role exists for the Deputy Portfolio Holders to undertake. After evaluating the evidence presented and listening to the Deputy Portfolio Holders' personal experiences and perceptions of their individual roles, we consider that our earlier decision to make an initial award with the prospect of an early review and the backdating of any increase was correct.
- 5.12 We consider that the role of Deputy Portfolio Holder continues to evolve but has yet to reach its full potential. Additionally, whilst impressed by the way in which Deputy Portfolio Holders presented their case, we felt that there was insufficient objective evidence at this stage to justify making a further change to their SRA. Nevertheless, we consider the Deputy Portfolio Holders are actually performing a genuine role, but that this would benefit from clearer definition.
- 5.13 In this regard, we recommend that the job description for Deputy Portfolio Holders is reviewed so the work each is expected to undertake is stated more precisely and the scope for misconceptions over deputising powers and similar matters eliminated. Furthermore, the Panel would appreciate Deputy Portfolio Holders maintaining a log of their activity and that this be presented to the Panel as part of an enhanced evidence submission at an interim Panel meeting in May / June. Subject to these tasks being completed, we are minded to consider recommending an increase in the SRA with this being backdated to the date each office holder was appointed. In the interim, however, we recommend that the SRA remains at 0.25 of the Basic Allowance.
- 5.14 The Panel also reviewed the following Special Responsibility Allowances and recommends no change to these allowances or the Multiplier system in place.

		£	Multiplier
BASIC ALLOWANCE	(74)	11,514.00	
SPECIAL RESPONSIBILITY ALLOWANCES			
Chairman of Council/Deputy Speaker	(1)	8,635.50	(0.75)
Speaker/Vice-Chairman	(1)	8,635.50	(0.75)
Leader of Council (inc Group Leader)	(1)	23,028.00	(2)
Deputy Leader of Council + Portfolio Holder	(1)	14,392.50	(1.25)
Executive Members (Portfolio Holders)	(7)	11,514.00	(1)
Opposition Group Leader(s)	(2)	5,757.00	(0.5)
Chairmen of Scrutiny Committee(s)	(5)	11,514.00	(1)
Vice Chairman of the Area Planning Committees	(3)	1,439.25	(0.125)
Chairman of Strategic Licensing Committee	(1)	2,878.50	(0.25)
Chairman of Audit Committee	(1)	5,757.00	(0.5)
Chairman of Pensions Committee or Vice-Chairman of Pensions Committee	(1)	2,878.50 1,439.25	(0.25) (0.125)
Chairman of Independent Standards Committee	(1)	2,878.50	(0.25)
Vice-Chairman of Independent Standards Committee	(1)	1,439.25	(0.125)

5.15 TRAVEL ALLOWANCES, SUBSISTENCE AND OVERNIGHT ALLOWANCES

5.16 We are aware that the rate for the reimbursement of staff business travel will be raised from 40p to 45p per mile with effect from 1 January 2012, but will be paid retrospectively in April 2012. We recommend the same arrangement to be applied to the Members' Travel Allowance Scheme.

5.17 We recommend that the subsistence and overnight allowances should remain unchanged.

5.18 **CO-OPTTEES' ALLOWANCE**

5.19 The Panel discussed the level of the Co-optees' Allowance in the scheme and recommends no change to the current rate.

6.0 **CONCLUSION**

6.1 After conducting a full review of Shropshire Council's Members' Allowance Scheme the Panel is only recommending two changes to the scheme at the present time. These are for a new composite allowance for the Vice Chair of Strategic Licensing and Chairman of the Sub-Committee and for the travel allowance to be raised from 40p to 45p per mile with effect from 1 January 2012, but paid retrospectively in April 2012. The Panel will however be reviewing the allowance of the Deputy Portfolio Holders' as part of its ongoing work in the future. The Panel were very interested to hear the views of the Chief Executive and Leader of the Council on the evolving role of a Councillor in light of the new Localism Bill and the 2013 elections. The Panel looks forward to receiving further information about it as part of the 2013 review.

Ciaran Martin (Chairman)
Julia Baron
June Jones

James Parker
John Thomas

February 2012