

Report to Council
29 January, 2013

Report of Executive head of strategy, people and democracy

Subject Members allowances scheme

Item

14

Purpose

To consider the recommendations of the independent panel set up to make recommendations on the members allowances scheme as required by the Local Authorities (Members' Allowances) (England) Regulations, 2003.

Recommendations

To determine whether or not to accept the following recommendations of the independent panel:-

To introduce, with effect from 1st April 2013, the following scheme of members allowances, to be increased annually on 1st April, indexed linked to the pay increase awarded to staff by the National Joint Council for Local Government Services :-

BASIC ALLOWANCE (Payable to all Councillors)	£6000
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SPECIAL RESPONSIBILITY ALLOWANCES

Tier 1

Leader of the council	£10000
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Tier 2

Cabinet members and Leader of the major minority party	£5000
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Tier 3

Chairs of Audit, Licensing, Planning Applications and Scrutiny committees and the Leader of any minority group that comprises minimum of 10% of the council.	£2500
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(Only one SRA to be paid from Tiers 1, 2 and 3)

Cont'd

Tier 4

Other members of Audit, Licensing, Planning Applications, and Scrutiny committees	£1500
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(Only one Tier 4 SRA to be paid)

Tier 5

Co-opted members of Standards committee	£350
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- Travel and subsistence allowances be paid at the same rates as Norwich City Council employees and be subject to the same requirements for claims and payments
- Childcare and dependant carers allowance paid at the rate of £10 per hour per child etc. (The Democratic services manager to be authorised to make additional payment in cases where specialist care is required)
- Membership of the Local Government Pension Scheme to not be available as part of this members allowances scheme
- The independent panel to be reconvened no later than 4 years after the implementation of the scheme.

Financial Consequences

The current 2012/13 budget provision is £310000. If the scheme recommended above is approved the budget required from 2013/14 would be £326000.

Contact Officers

Andy Emms	01603 212459
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Background Documents

None

Report

Background

1. The Local Authorities (Members' Allowances) (England) Regulations, 2003 provide that it is for the council to decide its scheme of allowances and the amounts to be paid under that scheme. However, the council is required to establish an independent panel to provide advice on its scheme. The council must have regard to this advice.

Review by Independent Panel

2. An independent panel undertook a full review of the council's Members Allowances Scheme in November, 2012. The Terms of Reference of the Panel were –

“To make an independent assessment of the current Members Allowances Scheme and to make recommendations on amendments to the scheme to Council, if required.”

3. Comparative data on the allowances paid by some other similar local authorities was made available to the panel and is attached as appendix 1.
4. The panel's report which details its work, all matters considered and recommendations, is attached as appendix 2.
5. As required by the regulations the panel's recommendations have been advertised and the panel's report made available for inspection at City Hall.

Integrated impact assessment



NORWICH
City Council

The IIA should assess **the impact of the recommendation** being made by the report

Detailed guidance to help with completing the assessment can be found [here](#). Delete this row after completion

Report author to complete

Committee:	Council
Committee date:	29 January, 2013
Head of service:	Russell O'Keefe
Report subject:	Members Allowances
Date assessed:	18 January, 2013
Description:	Consideration of recommendations of independent panel

	Impact			
Economic (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Finance (value for money)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Other departments and services e.g. office facilities, customer contact	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
ICT services	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Economic development	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Financial inclusion	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Social (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Safeguarding children and adults	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<u>S17 crime and disorder act 1998</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Human Rights Act 1998	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Health and well being	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Equality and diversity (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Relations between groups (cohesion)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

	Impact			
Eliminating discrimination & harassment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Advancing equality of opportunity	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Environmental (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Transportation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Natural and built environment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Waste minimisation & resource use	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Pollution	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Sustainable procurement	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Energy and climate change	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
(Please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Risk management	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

Recommendations from impact assessment	
Positive	
Negative	
Neutral	
Issues	

Table of allowances paid to councillors in comparator 'urban shire' authorities and neighbouring authorities August 2012

APPENDIX 1

	Authority							
	Norwich City Council	City of Lincoln Council	Cambridge City Council	Oxford City Council	Exeter City Council	Gloucester City Council	Preston City Council	Ipswich Borough Council
Population	132,200	93,500	123,900	151,000	117,800	114,500	131,900	128,000
Number of Wards	13	11	14	24	18	15	22	16
Number of Councillors	39	33	42	48	40	36	57	48
Basic Allowance (£)	5420	4480	2782	4714	4430	5250	3567	3745
<u>Special Responsibility (£)</u>								
Leader of the Council: Deputy Leader of the Council:	6504	9519 6160	10433	11785 2357	13290	17063 11813	8844 7424	11235 7865
Executive/Cabinet Member: Executive/Cabinet Member (without Portfolio):	4552 (x 6)	5039	8346 (x6)	7071 2357	6645 2215	9188	6442	7490 3745
<u>Leaders of all Political Groups</u>								
Leader of Major Minority Party: Deputy Group Leader:	4552	2240	2789	2357		5250	3276 (min 6 cllrs)	3745
Leader of Minor Minority Party:	2278 (grp total 10%)		905	2357		2625		1870

	Authority							
	Norwich City Council	City of Lincoln Council	Cambridge City Council	Oxford City Council	Exeter City Council	Gloucester City Council	Preston City Council	Ipswich Borough Council
<u>Committees</u>								
Chair (Overview &) Scrutiny: Vice-Chair (Overview &) Scrutiny: Spokesperson (Main opposition):	2278	3920	1113 278 1391	2357	4430	3150 1050	2730 1093	3745
Chair Audit Committee: Vice Chair Audit:	0 (no cttee before)	1120		2357			1638 546	
Chair Planning Applications: Vice-Chair Planning Applications: Members Planning: Spokesperson Planning: Minority Spokesperson (Main Opposition Party) Planning: Minority Spokesperson (2 nd Opposition Party) Planning:	2278 1302	3920	2226 139 556 1550 835	2357	4430	3150 1050	2730 1093	3745
Chair Standards: Vice-Chair Standards: Minority Spokesperson (Main Opposition Party) Standards/Civic Affairs: Minority Spokesperson (2 nd Opposition Party) Standards/Civic Affairs:	326 326	1120	1113 278 556 556		1108		525 307	

	Authority							
	Norwich City Council	City of Lincoln Council	Cambridge City Council	Oxford City Council	Exeter City Council	Gloucester City Council	Preston City Council	Ipswich Borough Council
Chair of Personnel Appeals: Vice Chair Appeals:		1120					1638 546	
Chair of Licensing/Regulatory: Vice-Chair of Licensing: Spokesperson Licensing: Member of Licensing/Regulatory: Minority Spokesperson (Main Opposition Party) Licensing: Minority Spokesperson (2 nd Opposition Party) Standards/Civic Affairs:	2278 1302	2240	696 139 417 696 139		2215	3150 1050	1638	3745
Chair of Housing Appeals:		1120						
Chairs of Area Committees: Vice-Chairs of Area Committees:			835 139				1638 546	

	Authority							
	Norwich City Council	City of Lincoln Council	Cambridge City Council	Oxford City Council	Exeter City Council	Gloucester City Council	Preston City Council	Ipswich Borough Council
Restrict Members to one SRA only (the highest)	NO	YES		NO (those qualifying for more than one SRA receive their highest 2)	YES	YES	NO (those qualifying for more than one SRA receive their highest 2)	NO
Child Care (£/hour)	£8 per hour per child	£5 hr per child	Full Cost	£7.50 per hr max	£5.52	£7.64	Full Cost	£5.50 per hr max
Dependants (£/hour)	£8 per hour	£5 per dependant	Full Cost	£15 per hr max	£5.52	£7.64	Full Cost	£11 per hr max
Qualify for LGPS Pension Scheme?	No	Yes	No	Yes	No (but Panel rec yes)	No	No	No

APPENDIX 2

NORWICH CITY COUNCIL

INDEPENDENT PANEL

INTO MEMBERS ALLOWANCES

REPORT TO THE COUNCIL

DECEMBER 2012

Members of the Independent Panel

Graham Creelman (Chair)	-	Imago Production Ltd
Charlotte Cooper	-	Cooper Lomaz Recruitment Ltd
The Venerable Jan McFarlane	-	Archdeacon of Norwich
Julie Heywood	-	UNISON

Contact Officer :- Andy Emms, Democratic Services Manager.

t: 01603 212459 e: andyemms@norwich.gov.uk

Terms of Reference

1. The Terms of Reference of the Panel were –

“To make an independent assessment of the current Members Allowances Scheme and to make recommendations on amendments to the scheme, if required, to Council”
2. The panel was asked to recommend a scheme which it believes fairly recognises the workload and responsibilities of councillors. The question of affordability of the scheme was not a matter for the Panel, which understands that it is up to the council to consider if and how to implement the recommended scheme in the light of other priorities and the budget position.

Background

3. An independent panel last completed a full review of the Council's Members Allowances Scheme in February 2009.
4. That panel's report was first considered by council on 24 November, 2009 when it was resolved to defer consideration of the report to enable issues raised to be discussed between the groups in light of possible changes to the committee structure and developments in the position regarding unitary status.
5. The panel's report was considered again by council on 30 March 2010 when it was resolved to thank the panel for the work it had done but that the recommendations be not accepted and the current scheme continue unchanged.
6. The current scheme detailed in Appendix 1 has, therefore, been in place since 2005, with some amendments agreed in 2007.

What allowances can be paid?

9. Under the provisions of the Local Government Act, 2000 and The Local Authorities (Members Allowances)(England) Regulations, 2003 the following allowances can be paid:-

Basic Allowance

10. Each local authority must make provision in its scheme of allowances for a basic, flat rate allowance payable to all members. The allowance must be the same for each councillor. This is intended to recognise the time commitment of all councillors, including such inevitable calls on their time as meetings with officers and constituents and attendance at political group meetings. It is also intended to cover incidental costs such as the use of their homes and private telephones, faxes, computers, etc.
11. Government guidance suggests 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 elected members, and further to

ensure that, despite the input required, people are encouraged to come forward as elected members and that their service to the community is retained.

Special Responsibility Allowance

12. Each local authority may also make provision in its scheme for the payment of special responsibility allowances (SRA) for those councillors who have significant responsibilities. They can also be paid to members of a committee that meets with exceptional frequency or for exceptionally long periods.
13. Where one political group is in control, and where an authority has decided to pay special responsibility allowances, the authority must make provision for the payment of a special responsibility allowance to at least one member of a minority group.

Dependants' Carers Allowance

14. A scheme of allowances may also include the payment of dependants' carers allowance to those councillors who incur expenditure for the care of children or other dependants whilst attending Council meetings or other approved duties.

Travelling and Subsistence Allowance

15. Travel and subsistence allowances can be paid for attending council meetings or other approved duties. This can include an allowance for those who travel by bicycle or other non-motorised transport.

Co-optees Allowance

16. Each local authority may make provision in the scheme for the payment of a co-optees allowance to any co-opted and appointed members of a council's committee or sub-committee.

Backdating Allowances

17. When a scheme of allowances is amended an authority may, having regard to the recommendations of the panel, chose to apply the amendment retrospectively to the beginning of the financial year in which the amendment is made.

Annual Adjustments for Allowance Levels

18. A scheme of allowances may make provision for an annual adjustment of allowances to be ascertained by reference to an index e.g. inflation or increases in staff salary levels. If a panel makes a recommendation that allowance levels should be determined according to an index, it should also make recommendations as to how long the index should run before reconsideration. In any case, an index may not run for more than four years before a further recommendation on it is sought from an independent remuneration panel.

Pensions

19. Section 99 of the Local Government Act, 2000 included powers for the Secretary of State to make provision for the payment of pensions to members of a local authority. The Regulations stipulate that a local authorities Members' Allowances Scheme shall set out –
 - (a) which members of the authority are entitled to pensions in accordance with a scheme made under Section 7 of the Superannuation Act 1972;
 - (b) whether the basic allowance or the special responsibility allowance, or both, may be treated as amounts in respect of which such pensions are payable.
20. The council can only make membership of the scheme available to those members who are recommended by the independent panel. However, the council can decide not to offer membership to some or all of the recommended councillors.

Claims and Payments

21. In respect of dependants' carers allowance; travelling and subsistence allowance and co-optees allowance, the members' allowances scheme shall specify a time limit from the date on which an entitlement to each of those allowances arises during which a claim for such allowances must be made by the person to whom they are payable. Currently, claims have to be made on a monthly basis and submitted by the fourth day of the following month.

The Work of the Panel

22. The panel met twice and received guidance and information from the Democratic services manager including :-
 - Details of what allowances can be paid under the current regulations
 - Comparative data on the allowances paid by other similar local authorities.
 - The positions in the current structure that could be considered for special responsibility allowance payments.
 - entitlements for councillors if a decision was made to make them eligible to join the Local Government Pension Scheme.
 - The Councils current members allowances scheme.
23. The Panel had discussions with Councillors Arthur and Sands (M) (Labour); Stephenson and Gee (Green) and Lubbock (Lib Dem).

24. At those discussions, as well as welcoming general comments on the current scheme and potential changes, councillors were asked to respond specifically to the following:-

"The aim of the members allowances scheme is to compensate members for some of the time they spend doing this vital public service whilst taking into account that there is a vocational element. This must be balanced against ensuring that financial loss is not suffered and that people are encouraged to put themselves forward for office.

Could you, therefore, tell the panel :-

- 1) Does the current scheme broadly achieve its aim?
- 2) Are there any parts of the current scheme that need amending?
 - if so how and why?
 - can you prioritise any suggestions you put forward?
- 3) Would you comment on the comparator data the panel has received (see attached), in particular the differences between the Norwich scheme and the other similar authorities, including:-
 - The Leader's allowance / Portfolio holders allowances (do these reflect responsibility/workload?)
 - Payment of Special Responsibility Allowances (SRA) for membership of committees
 - Limits on the no of SRAs received
- 4) Does childcare/dependants care hamper people from coming forward and if so, do the current levels of carers allowance need to change?"

25. Taking into account members comments the panel is suggesting an increase in the basic allowance from £5420 to £6000 p.a.
26. It is also recommending that the Tier 4 SRA be increased from £1302 to £1500 and that Audit and Scrutiny be added to list of committees to which Tier 4 applies.
27. Taking into account the comparator data and the fact that the basic allowance should cover the broad range of councillor responsibilities, including attending council meetings, the panel is recommending that the no of Tier 4 SRAs that a member can receive, be limited to one. This means that, with most non-cabinet members being on at least one of the Tier 4 committees, the minimum allowance that most councillors will be entitled to will be £7500 p.a.

28. The panel considered that the level of responsibility and volume of work of the role of Leader of the Council warranted a significant increase in allowance and this was also reflected in the comparator data. It is therefore recommending that the Tier 1 SRA be increased from £6504 to £10000.
29. Similarly, the panel considers that the level of responsibility and volume of work of the role of cabinet member is undervalued in the current scheme and the panel is recommending that the Tier 2 SRA be increased from £4552 to £5000. The panel agreed that the Leader of the major minority party should continue to receive a Tier 2 SRA.
30. The panel agreed with representations that the chair of Audit committee be added to the roles that are eligible to receive a Tier 3 SRA and that this tier be increased from £2278 to £2500.
31. It is suggested that the restriction that only one SRA be paid from Tiers 1, 2 and 3 should remain.
32. The panel was informed that there had been changes in the standards regime and that the role of co-opted chair and vice-chair no longer existed. However, the council would still be co-opting two independent people to sit on the Standards Committee and the panel agreed that the Tier 5 allowance should continue but be increased from £326 to £350 p.a..
33. Panel members believed that the current system of linking future increases to staff salary levels should continue. This index should be applied for the maximum allowable period of four years. The panel was not mindful to recommend that the increased allowances it was proposing be applied retrospectively.
34. The panel is recommending that Travel and Subsistence Allowances continue to be paid at the same level as those to officers.
35. The panel considered that the level of carers allowances was low. However, no representations were received suggesting that the level of carers allowances had prevented anyone from standing for election or was causing concern for current councillors. It was therefore recommending a modest increase to £10 per hour per child/dependant. The provision for the Democratic Services Manager to authorise additional payment in cases where specialist care is required should remain.
36. The issue of pensions was discussed and the panel noted that there was some but not a high level of interest from councillors. The panel considered that allowing councillors to join the local government pension scheme would be expensive and administratively difficult for the council to manage and it was mindful that the level of allowances appropriate for district council's was unlikely to make participation in the pension scheme worthwhile for councillors. The panel is therefore not recommending that membership of the Local Government pension Scheme be offered to councillors.

Recommendations

To recommend Council to implement, with effect from 1st April, 2013 , the following scheme of members allowances to be increased annually on 1st April, indexed linked to the pay increase awarded to staff by the National Joint Council for Local Government Services :-

		£
1)	BASIC ALLOWANCES (Payable to all Councillors)	6000
2)	SPECIAL RESPONSIBILITY ALLOWANCES	
	Tier 1	
	Leader of the Council	10000
	Tier 2	
	Cabinet members & the Leader of the major minority group	5000
	Tier 3	
	Chairs of Audit, Licensing, Planning Applications and Scrutiny Committees and the Leader of any minority group that comprises minimum of 10% of the Council	2500
	Tier 4	
	Members of Audit, Licensing, Planning Applications and Scrutiny Committees	1500
	Tier 5	
	Co-opted members of Standards Committee	350
	<ul style="list-style-type: none"> ▪ Only one SRA to be paid from Tiers 1, 2 and 3 ▪ Only one SRA to be paid from Tier 4 ▪ A councillor shall not receive a Tier 3 as Chair as well as a Tier 4 as a member of the same committee 	
3)	Travel and subsistence allowances to be paid at the same rates as Norwich City Council employees and be subject to the same requirements for claims and payments	
4)	Childcare and Dependant carers allowance to be paid at the rate of £10 per hour per child/dependant etc.	
	(The Democratic services manager to be authorised to	

make additional payment in cases where specialist care is required)

- 5) Membership of the Local Government Pension Scheme is not available as part of this Members Allowances Scheme
- 6) The independent panel to be reconvened no later than 4 years after the implementation of the new scheme.

Graham Creelman

Chair of the independent panel

CURRENT MEMBERS' ALLOWANCE SCHEME

(Members Allowances will be increased annually on 1st April, indexed linked to the pay increase awarded to staff by the National Joint Council for Local Government Services)

	£
BASIC ALLOWANCES (Payable to all Councillors)	5420
SPECIAL RESPONSIBILITY ALLOWANCES	
Tier 1 Leader of the Council	6504
Tier 2 Executive Members & Leader of the major minority group	4552
Tier 3 Chairs of Scrutiny, Planning Applications and Licensing Committees and the Leader of any minority group that comprises minimum of 10% of the Council	2278
Tier 4 Members of Planning Applications and Licensing Committees	1302
Tier 5 Chair and Vice Chair of Standards Committee (Co-opted)	326
<ul style="list-style-type: none"> ○ <i>Only one SRA to be paid from Tiers 1, 2 and 3</i> ○ <i>Up to three SRAs to be paid from Tier 4 except that a Councillor shall not get a Tier 3 allowance as Chair as well as a Tier 4 allowance as a member of the same committee.</i> 	

Travel and Subsistence Allowances

To be paid at the same rates as Norwich City Council employees and be subject to the same requirements for claims and payments. The current levels are:-

Travel Allowances

All vehicles – 46.9 per mile

Travel outside Norwich – Cheapest public transport option to be used booked through T.I.C. When own vehicle used with prior agreement of Democratic services manager, reimbursement based on equivalent to cheapest public transport option.

Subsistence Allowances

Breakfast	£7.74 (£6.45 with non VAT receipt)
Lunch	£10.69 (£8.91 with non VAT receipt)
Tea	£4.22 (£3.52 with non VAT receipt)
Evening Meal	£13.24 (£11.03 with non VAT receipt)

Personal incidental expenses

(For personal incidental expenses when staying overnight – receipts not required)

Per Night	£4.59
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Overnight Subsistence

Hotels to be booked by T.I.C on basis of best deal available taking into account the needs of the councillor and the event attended.

Membership of the Local Government Pension Scheme is not available as part of this Members Allowances Scheme

The Independent Panel to be reconvened no later than 4 years after the implementation of the scheme.