

Report for Resolution

Report to	Council 30 March 2010	Item
Report of	Head of Legal, Regulatory and Democratic Services	13
Subject	Members Allowances Scheme	

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, as affected by recent structural changes :-

To implement, with effect from 1st April 2010, 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) 5420

2) **SPECIAL RESPONSIBILITY ALLOWANCES**

Tier 1

Leader of the Council 10000

Tier 2

Executive Members 7500

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 & Chair and Vice Chair of Standards Committee

1500

(Only one Tier 4 SRA to be paid to each councillor)

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 £8.00 per hour per child etc.

(The Head of Regulatory and Democratic Services 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.

Financial Consequences

The current budget provision is £347900. If the scheme recommended above is approved the budget required would be £325976.

Contact Officers

Andy Emms

01603 212459

Background Documents

Office of the Deputy Prime Minister – Guidance on Consolidated Regulations for Local Authority Allowances

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 amounts to be paid and the pensionability of allowances it considers relevant. The Council must have regard to this advice.
2. An Independent Panel undertook a full review of the Council's Members Allowances Scheme in January, 2005 and a minor amendment to the scheme was agreed in 2007 to reflect reduction in workload of the Licensing Sub Committees. This scheme is still in place and is included as an appendix in the Panel's report.
3. As the current scheme is indexed linked, the regulations require that it must be reviewed within 4 years. The Independent Panel was, therefore, reconvened.

Review by Independent Panel

4. The Independent Panel met twice on 22 December, 2008 and 12 January, 2009. 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.
5. Comparative data on the allowances paid by some other similar local authorities was made available to the Panel and is attached as appendix 1.
6. The Panel's report which details its work, all matters considered and recommendations, is also attached.
7. As required by the regulations the Panel's recommendations have been advertised and the Panel's report made available for inspection at City Hall.

Subsequent Developments

8. The Panel's Report was on the Council agenda for 31 March, 2009. Members deferred consideration of the report pending the planned consideration of a revised committee structure and a decision on unitary status,
9. On 29 September, 2009 Council approved a new committee structure merging the work of Licensing and Regulatory Committees. This new structure came into place in January, 2010. This change is reflected in the recommendations in this covering report.
10. At the Budget Council on 23 Feb, 2010 Council agreed not to include provision for an indexed linked increase in allowances for 2010/11. This had been built into the draft budget in its early stages of preparation on the basis that if the Panel's report had been

considered earlier and the recommendations approved then the index link to staff pay would need to be provided for.

11. Due to the delay in considering the Panel's report it is recommended that any changes to the scheme agreed by Council should commence 1st April, 2010. No inflationary index would, therefore, be required in 2010/11 which would be consistent with the above budget decision. Members will still need to consider whether, as per the Panel's recommendations, to include the index link from 2011/12 if Unitary Status is not given and the existing Council continues.
12. If an index is not approved the levels of allowances in the scheme will not be changed until the Panel is called together to undertake another review.

Table of allowances paid to councillors in comparator ‘urban shire’ authorities Dec 2008

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	132,000	87,800	120,000	151,000	122,400	114,500	131,900	121,000
Number of Wards	13	11	14	24	18	15	22	48
Number of Councillors	39	33	42	48	40	36	57	16
Basic Allowance (£)	5420	4480	2782	4601	4430	4787	3567	3745
Special Responsibility (£)								
Leader of the Council:	6485	9519	10433	11503	13290	14361	10373	11235
Deputy Leader of the Council:		6160		2301		11489	8735	7865
Executive/Cabinet Member:	4430 (x 8)	5039	8346 (x6)	6902	6645	8377	7643	7490
Executive/Cabinet Member (without Portfolio):				2301	2215			3745
Leaders of all Political Groups:								
Leader of Major Minority Party:	4430	2240	1947	2301		4787	3276 (min	3745
Deputy Group Leader:						2394	6 cllrs)	
Leader of Minor Minority Party:	2271 (grp total 10%)		835	2301				1870

Committees:-								
Chair (Overview &) Scrutiny: Vice-Chair (Overview &) Scrutiny: Spokesperson (Main opposition) Spokesperson (2nd Opposition Party):	2271	3920	1113 278 1391 556	2301	4430	2872 957 394.84	2730 1093	3745
Chair Audit Committee: Vice Chair Audit	0 (no cttee before)	1120		2301			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:	2271 1267	3920	2782 556 1530 835	2301	4430	2872 957	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:	325 325	1120	1113 278 556 556		1108		525 307	
Chair of Personnel Appeals: Vice Chair Appeals:		1,120					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: Chair of Housing Appeals: Chairs of Area Committees: Vice-Chairs of Area Committees:	2271 1267	2240 1120	 1252 556		2215	2872 957	 1638 546	3745
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	??	£7.50 per hr max	£5.52	£7.18	Full Cost	£5.50 per hr max
Dependants (£/hour)	8 per hour	5 per dependant	??	£15 per hr max	£5.52	£7.18	Full Cost	£11 per hr max
Qualify for LGPS Pension Scheme?	No	Yes	No	??	No (but Panel rec yes)	??	No	No

NORWICH CITY COUNCIL

INDEPENDENT PANEL

INTO MEMBERS ALLOWANCES

REPORT TO THE COUNCIL

FEBRUARY 2009

Members of the Independent Panel

Mr John Alston, CBE (Chair)	-	Deputy Lieutenant of Norfolk
John Drake	-	Chief Executive Officer, Norwich YMCA
Ms Vivien Farrow	-	Chief Executive Officer, Cotman Housing Association
Caroline Jarrold	-	Chair of the Norwich Economy Round Table
Bernard Smith	-	Chair of the Norwich Tenants City Wide Board
Father James Walsh	-	Dean, Roman Catholic Cathedral of St John the Baptist
Mr Steve Wiseman	-	Manager, Citizens Advice Bureau

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 undertook a full review of the Council's Members Allowances Scheme in January, 2005.
4. The scheme the Panel recommended was agreed by Council, with one amendment relating to Special Responsibility Allowances (SRAs). The Panel recommended only one SRA be paid to each Councillor and that should be the highest. However, following an amendment proposed at Council, this was changed to :-
 - only one SRA be paid from Tiers 1,2 and 3 and
 - up to three SRA's be paid from Tier 4, except that a member shall not get a Tier 3 allowance as Chair as well as a Tier 4 allowance as a Member of the same Committee.'
5. An amendment to the scheme was agreed in June 2007. When the Council took over liquor licensing it decided that individual hearings would be undertaken by Licensing Sub Committees consisting of three members of Licensing Committee. Four members of the Licensing Committee were designated as Sub Committee Chairs receiving Tier 3 allowances and the remaining Licensing Committee members received Tier 4. Subsequently, due to the volume of hearings, it was decided that all Licensing Committee members could chair Sub Committees and they all, therefore, were automatically placed on the higher Tier 3 allowance.
6. The volume of hearings subsequently reduced dramatically and members themselves recognised this and proposed that Chairs of Licensing Sub Committees be removed from Tier 3 so that all Licensing Committee members instead would receive the lower a Tier 4 allowance, saving the Council approximately £10,000 per annum.
7. The Independent Panel Members was consulted by email and agreed that this was a sensible amendment to the Scheme. Council approved the revision on 26 June, 2007.
8. The scheme is still in place and is attached as Appendix 1.

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. Guidance from the Office of the Deputy Prime Minister 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.
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 advice, guidance and information from the Head of Regulatory and Democratic Services 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.
 - Background information on changes since the last Panel deliberations including committee structure and workloads as a result of being a “hung Council” ; the new way of working between Executive members and Corporate Management Team and the enhanced scrutiny role.
 - Information provided on 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 also had discussions with Councillors Arthur, Morpew and Morrey (Labour), Ramsay and Stephenson (Green) and Lubbock (Liberal Democrat). Councillor A Little (Conservative) had been invited but was unable to attend. He submitted comments which were passed on by the Democratic Services Manager.
24. Discussions covered the following areas:-
- How the nature and volume of work had changed since the last Panel deliberations in 2007.
 - Their workload and responsibilities and those undertaken by members of their particular group, such as executive members; group leaders; chairs of committees, members of committees and the ward councillor role.

Consideration of a New Scheme

25. It was agreed that the scheme should continue to be as simple as possible. As well as the basic allowance, there should be no more than four or five tiers of SRA.
26. The Panel considered that the basic allowance had been increased significantly in 2005 to reflect the higher workload following the reduction in size of the Council from 48 to 39 councillors. There was no evidence that the constituency role of a councillor had changed significantly since then. The annual increase index linked to staff salary had increased allowances each year since the scheme was approved and the Panel considered this increase to be sufficient. The comparator data from other similar Local Authorities also suggests that the current level of basic allowance is appropriate.

27. Looking at the comparator information and based on comments of councillors, the Panel considered that the current levels for SRAs in respect of the Leader and Executive Members were much too low. It decided that they needed to be increased significantly to reflect the high workload and level of responsibility attached to these roles.
28. The Panel did not consider that in the hung council the role of the leader of the major minority party was significantly different from that of other minority group leaders. It understood that the size of the group was higher but did not believe that this was sufficient to warrant a Tier 2 allowance but instead this role should be in Tier 3.
29. In view of the enhanced role and increased workload of Scrutiny Committee the Panel considered that the chair and membership of this committee should receive Tiers 3 and 4 respectively. Audit Committee had been created since the last review and although its workload was not as high as some committees, due to the level of responsibility together with the knowledge and training required, the Panel believes this committee should warrant the same allowances as Scrutiny.
30. Based on comparator data and the commitment required, the Panel considered that the co-opted Chair and Vice Chair of Standards Committee should receive a Tier 4 allowance. There would, therefore, no longer be a Tier 5.
31. The Panel considered that the levels of allowance for Tiers 3 and 4 should be increased slightly based on comparator data.
32. Although some Panel members considered that a Tier 4 allowance should be paid for every committee that members were on, the majority believed that members should be expected to participate in some committee work within the basic allowance. The recommended scheme would, therefore, include a restriction that no more than one Tier 4 allowance be received.
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 be applied retrospectively.
34. The Panel noted that, as staff were not paid a dependants carers allowance, the index did not apply and this allowance had not, therefore, increased since the last review. However, based on comparator data; the fact that no representations had been received and that there would be devolved authority for the Head of Legal and Democratic Services to make additional payments in special circumstances, it did not consider an increase was necessary..
35. The issue of pensions was discussed and the Panel noted that there was not a high level of interest from councillors. The Panel was mindful that the level of allowances appropriate for District Council's were unlikely to make participation in the pension scheme worthwhile for councillors. Allowing councillors to join a local government pension scheme would be expensive and administratively difficult for the Council to manage and did not fit with other guidance that the allowances scheme should not be seen as a wage for a job.

Recommendations

To recommend Council to implement, with effect from 1st April 2009, 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)	5420
2) SPECIAL RESPONSIBILITY ALLOWANCES	
Tier 1 Leader of the Council	10000
Tier 2 Executive Members	7500
Tier 3 Chairs of Audit, Scrutiny, Planning Applications, Licensing and Regulatory 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, Regulatory and Scrutiny Committees & Chair and Vice Chair of Standards Committee	1500
(Only one Tier 4 SRA to be paid to each councillor)	
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 £8.00 per hour per child etc. (The Head of Regulatory and Democratic Services 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.	

John Alston, CBE
Chair of the Independent Panel

MEMBERS' ALLOWANCE SCHEME 2008/9

With effect from 1 April 2006, the following scheme of 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	6485
Tier 2	Executive Members & Leader of the major minority group	4539
Tier 3	Chairs of Scrutiny, Planning Applications, Licensing and Regulatory Committees and the Leader of any minority group that comprises minimum of 10% of the Council	2271
Tier 4	Members of Planning Applications, Regulatory and Licensing Committees	1298
Tier 5	Chair and Vice Chair of Standards Committee (Co-opted)	325

- *Only one SRA to be paid from Tiers 1, 2 and 3*
- *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.*

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 – 40.5p per mile

Travel outside Norwich – rail tickets or hire car to be booked by Travel Unit. If own vehicle used, expenses paid will be equivalent to cost of 2nd class rail ticket (to be agreed in advance with the Senior Committee Officer (Members Support))

Subsistence Allowances

Breakfast	£6.97 (£5.93 with non VAT receipt)
Lunch	£9.61 (£8.18 with non VAT receipt)
Tea	£3.80 (£3.23 with non VAT receipt)
Evening Meal	£11.88 (£10.11 with non VAT receipt)

Out of Pocket Allowance

(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 Travel Unit on basis of best deal available taking into account the needs of the councillor and the event attended.

Childcare and Dependant Carers Allowance

To be paid at the rate of £8.00 per hour per child etc.

(The Head of Regulatory and Democratic Services to be authorised to make additional payment in cases where specialist care is required)

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.