

STOCKTON-ON-TEES BOROUGH COUNCIL

REPORT

OF

**THE INDEPENDENT PANEL ON THE REVIEW OF
MEMBERS' ALLOWANCES**

MAY 2008

1. INTRODUCTION

- 1.1 In September/October 2007, the Panel carried out a review of the Council's scheme for Members' Allowances. The remit of the Panel was to review the allowances for the financial year 2007/08 and, in addition, to make recommendations for the allowances to be paid in the financial year 2008/09. The Panel submitted its report in October 2007. The report was considered initially by the Council's Members Advisory Panel and then later by the Council's Cabinet. It became clear from this consideration that there were widely differing views among the Members on some of the recommendations made by the Panel. It was also noted that the Panel, in reaching its conclusions, had not had the benefit of seeing the recent Councillors' Commission report "Members Remuneration - models, issues, incentives and barriers", published in December 2007. It was therefore decided to invite the Panel to carry out a further review taking into account points made by Members and the Councillors' Commission. This report is submitted to the Council following that further review.
- 1.2 The structure of this report is inevitably unlike that of the report submitted in October 2007. It focuses on the key issues which are the subject of debate and omits certain specific issues required no further consideration. The latter issues are Travel and Subsistence, Child Care and Dependent Carers Allowance, and Pensions. We have also not set out again the general "Background Issues" included in the October 2007 report though we still maintain the validity of these points.
- 1.3 The Council requested that this report should if possible be submitted by the end of May 2008. Our initial "scoping" meeting took place on 2 April though the Panel Chair had had the benefit of an earlier meeting with the Council's Chief Executive. We therefore had just less than 2 months to complete our task. This is significant since some of the suggestions in the Councillors Commission report envisage a much greater depth of detail than is possible in the time allowed for the Panel's work. Nevertheless, we believe that we have had sufficient time to review our previous work, take note of the views of Cabinet Members and take into account the Councillors Commission report. The procedures adopted by the Panel are set out in the next section of this report.

2. PROCEDURES ADOPTED BY THE PANEL

- 2.1 The procedures adopted have been largely similar to those undertaken leading to earlier reports. However, as stated in paragraph 1.2 above, the aims are more narrowly focussed on the issues which have caused considerable debate and on information which has become available since the Panel's review in October 2007.
- 2.2 The Panel met on 3 occasions. All meetings were attended by David Bond, the Council's Director of Law and Democracy. Some parts of the exercise were shared out between Panel members for practical reasons, eg interviews with Group Leaders. Where this was done, it is indicated in our report. The Council has again supplied all information which we considered necessary for our review.
- 2.3 The Panel feels strongly that, in undertaking any such review, it is important to give elected Members of the Council (and co-opted Members) an opportunity to put forward their views. To this end, all Members were contacted by email and asked for their comments. Again, we received helpful comments which have all been given appropriate consideration.

- 2.4 On this occasion, we felt that it was particularly important that Leaders of the six Groups on the Council should have individually a meeting with the Panel. In this exercise, the Panel shared out the task between them ie one Panel Member met a Group Leader and reported back to the full Panel. We received some crucial comments in these interviews. We can give a complete assurance to the Group Leaders that their comments were given full consideration by the Panel.
- 2.5 We gave further consideration to the level of allowances being paid by other local authorities, particularly those authorities with similar characteristics to Stockton Council. This aspect is considered in later sections of this report. However, we must reiterate here our view that it is essential that the Council's scheme does not "drift downwards" thereby penalising Council Members in relation to their colleagues in other authorities.
- 2.6 There is one other general point which should be mentioned at this stage. Partly because of the timing of the submission of this second report, it has been suggested that 2007/08 should be "forgotten" and that the new scheme should commence from 1 April 2008. We make two points on this. First, the Panel must carry out the remit which it is given. (For its October 2007 report, the Panel was "specifically asked to make recommendations for 2007/08.) Secondly, if the Council wishes to adopt such a policy, it can obviously do so whilst taking cognisance of the conclusions and recommendations of this report and that of October 2007. This report for obvious reasons will concentrate on 2008/09.

3. BASIC ALLOWANCE

- 3.1 The Panel's report of October 2007 in its consideration of the level of the Basic Allowance refers to past increases which were recommended. These have often been increases related to the level of inflation in the national economy. This method had produced an allowance for 2007/08 of £6,150. In that report, the Panel had indicated that a more radical approach was necessary at that time.
- 3.2 The reasons for the conclusion that a more radical approach to the level of Basic Allowance was necessary were twofold. The first was the view expressed in many of the representations received by the Panel that the Basic Allowance was far too low. The second was that, in comparison with allowances paid by other similar local authorities, Stockton's level of Basic Allowance was considerably lower than that paid by others. It was clear that the "drift downwards" referred to at paragraph 2.5 above was occurring.
- 3.3 The Panel's report of October 2007 recommended three options for the Basic Allowance in 2008/09 - £8,000, £8,600 and £9,300. The first related to the way past increases had been deduced; the second related to allowances paid by the majority of comparable local authorities; the third was in line with the higher range of allowances paid by some of those local authorities.
- 3.4 As a mathematical check on our conclusions, the Panel decided to carry out a calculation based on the formula set out on page 15 of the Councillors Commission report. For this exercise, we adopted the same "time" assessment ie 15 hours per week less 5 hours representing the discount to be applied for voluntary public service. For the rate per hour, the Panel decided to use a figure of £18 per hour, a figure that compares with a Middle Management grade in local government. This

formula produces a Basic Allowance of £9,360 which with “rounding down” supports the Panel’s third option of £9,300.

- 3.5 We therefore recommend to the Council that the Basic Allowance for 2008/09 should be £9,300, bearing in mind the strong views held across the Council that a significant increase is appropriate at this time.

4. SPECIAL RESPONSIBILITY ALLOWANCE

- 4.1 The level of Special Responsibility Allowance (SRAs) is obviously controversial and we have received a considerable number of comments from Members on this issue. Those views referred particularly to the SRA for the Council Leader and those paid to Group Leaders. We are also fortunate in having available evidence relating to other local authorities and the consideration of various issues in the Councillors Commission report.

- 4.2 In this section of our report, we start by considering the SRA paid to the Leader of the Council. We received many comments on this, the majority of which indicated that a substantial increase would be appropriate and would receive wide support. This was also supported by the evidence from other local authorities. In other words, this SRA indicated perhaps the most serious example of the “drifting downwards” referred to above.

- 4.3 The October 2007 report recommended 3 options to the Council for the SRA to be paid to the Leader in 2008/09 - £16,000, £22,000 and £28,000. Looking at other local authorities, even in 2006/07 nearly all paid their Council Leader an SRA of between £25,000 and £30,000 and some even more. In other words, two years ago, these authorities were paying to the Council Leader something around twice what Stockton Council was paying. It also means that, if we recommend an SRA of £28,000 (our highest option), we are merely coming into line with the SRAs paid by many other local authorities in 2006/07. We therefore recommend that for 2008/09 the SRA paid to the Council Leader should be £28,000. This will be a large increase but given the evidence of “comparables” and the strong representations received, the Panel believes that it is justified. This figure will also maintain an appropriate differential with the recommended Basic Allowance figure (see Section 3 above). The general point which we make in Paragraph 5.1 below is also particularly relevant here.

- 4.4 At the present time, Stockton Council does not have a Deputy Leader. However, it has been suggested to the Panel that it may be helpful if we consider the appropriate allowance for such a post in the event that this is created. Given our knowledge of the role played by the Deputy Leader in local authorities, we suggest that an SRA of 50% of that paid to the Leader is appropriate ie for 2008/09 an allowance of £14,000. This would also place the Deputy leader (who would be likely to have a Cabinet portfolio) above the level of allowance paid to other Cabinet Members (see paragraph 4.5 below). This seems entirely appropriate.

- 4.5 For the SRAs to be paid to Cabinet Members, Committee Chairs and Vice-Chairs, we have little to add to our consideration of these allowances in our October 2007 report. Having fixed an allowance for the Leader, Deputy Leader and established a figure for the Basic Allowance, the appropriate SRAs for these positions would be £13,000 (Cabinet), £7,500 (Committees Chairs) and £3,750 (Vice-Chairs), ie Option 3 allowances in our October 2007 report. There is however one more general point which we have to consider.

- 4.6 We have received strong representations that Members of the Planning and Licensing Committees should receive some additional recognition for their work. We have considered this issue in the past. The difficulty is that Members of a number of Committees could plead special treatment eg Education and Social Services, for example have the largest budgets. We recognise that there is considerable support for this proposal and we also bear in mind that this also has the support of the report of the Councillors Commission. Nevertheless, this is a complex issue which, to receive proper consideration, requires very detailed and time-consuming examination. This is quite beyond the time allowed for the Panel's review. We cannot therefore support this proposal though we of course recognise that the Council may wish to pursue this further.
- 4.7 We now consider the complex and controversial issue of SRAs paid to Group Leaders. A little scene-setting is necessary first. There are six Groups on Stockton Council - Labour (22 Members), Conservative (13 Members), Thornaby IA (7 members), Ingleby Barwick IS (6 Members), Liberal Democrats (5 Members) and Billingham IA (3 Members). The legal position is that two Members is a legally constituted group.
- 4.8 In our last report, the Panel changed its line. We had previously taken the view that the Leader of the Group of 3 Members should not receive an SRA. However, in our October 2007 report, we took the view that all Group Leaders should receive an allowance. This was based partly on the legal position but mainly since it was clear that all groups, however small, were playing a full role in Council affairs. We continue to hold this view. However, it is evident that there is a widely held view that it is unreasonable that a Group Leader's SRA should be the same regardless of the number of Members in the Group. We recognise the logic of this opinion and have decided to include this as part of our recommendation.
- 4.9 We recommend that there should be 3 categories of Groups for this purpose. These 3 categories should be Groups of 2 - 5 Members, 6 - 10 Members and 11 and over Members. The SRAs for the Leaders of Groups in these categories should be £4,600, £6,000 and £7,500. We believe that this reflects the level of responsibility and work for the holders of these posts. We would like to stress that this recommendation is based on the current group situation. If this situation was to change, for example by further groups emerging for whatever reason, it would be necessary to carry out a further review. We recognise that our conclusions here will not please all Members but we believe that they are reasonable, logical and fair.
- 4.10 Finally, under SRAs, we have to consider the issue of allowances paid to co-optees. We must again repeat that we believe it would be impossible to have a range of allowances for the various co-optees working with the Council. In line with our other conclusions, we recommend a co-optees allowance of £600 for 2008/09.

5. CONCLUSIONS

- 5.1 The Panel would like to conclude this report with a most important point. The report contains a number of recommendations which, if brought into effect, will create major increases in allowances paid to Members. However, we see this as part of a 3 year strategy including the "inflation" increases for 2007/08 and 2008/09. The only increase which we recommend for 2009/10 is a similar "inflation" one. In other words, the increases are not as dramatic as they may first appear. In addition, it is a "one-off" situation which must be put right at some time in order to maintain Stockton Council's position as a significant elected authority keeping in line with its peers.

- 5.2 Appendix 1 lists the allowances currently being paid.
Appendix 2 lists the recommendations for 2008/09 in the October 2007 report.
Appendix 3 lists the recommendations for 2008/09 in this report.
- 5.3 Finally, the Members of the Panel would like to draw Members' attention to the great assistance which we have received from Officers of the Council, in particular David Bond, Director of Law and Democracy.

Existing Members' Allowances Scheme 2008/09

<u>Allowance</u>	<u>£</u>
<u>Basic</u>	6,304
<u>SRAs</u>	
Leader	14,893
Cabinet Members	7,459
Chairs	4,203
Vice-Chairs	2,101
Group Leaders (Labour, TIA, Liberal Democrats, IBIS)	4,203
<u>Co-optees</u>	525
<u>Child Care and Dependent Carers' Allowance</u>	Up to 8.50 per hour (actual expenditure) with a maximum monthly payment of £400
<u>Travel and Subsistence</u>	As per Officers' rates

Appendix 2

Panel Recommendations (October 2007 Report) - Members' Allowances - 2008/09

<u>Allowance</u>		<u>£</u>
Basic	Option 1	8,000
	Option 2	8,600
	Option 3	9,300
<u>SRAs</u>		
Leader	Option 1	16,000
	Option 2	22,000
	Option 3	28,000
Cabinet Members	Option 1	11,000
	Option 2	12,000
	Option 3	13,000
Chairs	Option 1	6,600
	Option 2	7,000
	Option 3	7,500
Vice-Chairs	Option 1	3,300
	Option 2	3,500
	Option 3	3,750
Group Leaders (All)	Option 1	6,600
	Option 2	7,000
	Option 3	7,500
<u>Co-optees</u>	Option 1	525.31
	Option 2	600
	Option 3	650
<u>Child Care and Dependent Carers' Allowance</u>		Up to £8.71 per hour actual expenditure with a maximum monthly payment of £410
<u>Travel and Subsistence</u>		As per Officers' rates
<u>Pensions</u>		No change

Panel Recommendations (May 2008 Report) - 2008/09

<u>Allowance</u>	<u>£</u>
Basic	9,300
<u>SRAs</u>	
Leader	28,000
Deputy Leader (if appointed)	14,000
Cabinet Members	13,000
Chairs	7,500
Vice-Chairs	3,750
Group Leaders	
2 - 5 Group Members	4,600
6 - 10 Group Members	6,000
11 or more Group Members	7,500
Co-optees	600

Panel Recommendations - 2009/10

Same as for 2008/09, with an inflationary increase.

The Panel made no recommendations for change regarding:-

Child Care and Dependent Carers' Allowance	Up to £8.71 per hour actual expenditure with a maximum monthly payment of £410
Travel and Subsistence	As per Officers' rates
Pensions	No change