

STOCKTON ON TEES BOROUGH COUNCIL

REPORT OF

THE INDEPENDENT REMUNERATION PANEL

ON

MEMBERS ALLOWANCES - 2011/12 AND 2012/13

DECEMBER 2011

1. Introduction

The current scheme for member's allowances was established in June 2008, following a report by a previous independent panel that reported in May 2008. The scheme established allowances for three years up to 31 March 2011. For the current year allowances have been frozen at their 2010/11 level and therefore required no further work from the panel

However, in July 2011 the Council decided to establish a new independent panel to examine and make recommendations on its allowances scheme, with a remit to make recommendations to Council on allowances for both 2011/12 and 2012/13. The panel held its first meeting on 7 October 2011. Its membership is as follows:

- Andrea Barker
- Brian Dinsdale (Chair)
- Peter Hadfield
- Tony Campbell

Since the 7 October the panel has met 6 times. We have undertaken 11 semi structured interviews with a cross section of individual members. We have requested and received comments from members via e mail. We have also analysed the allowances paid to members by 13 councils with similar characteristics to provide comparative data to assist in our deliberations. These councils are:

- Barnsley
- Darlington
- Gateshead
- Halton
- Hartlepool
- Medway
- Middlesbrough
- North Tyneside
- Redcar & Cleveland
- Rochdale
- South Tyneside
- Tameside
- Telford & Wrekin

All this information, together with our background knowledge and research of allowances generally, has been used to formulate our recommendations in this report

In coming to our recommendations we have been mindful of the unprecedented financial challenge now facing the council and the predominant view of members that allowances should not therefore be increased. Indeed, some members have argued for a reduction in the overall cost of member allowances.

2. Allowances in 2011/12

For 2011/12 (i.e. the current year) we see no merit in proposing any changes to the overall allowances scheme, given the timing of this report. However, we do recognise the re-creation of the position of Deputy Leader during May 2011, for which there is currently no allowance payable. A recommendation to correct this anomaly is made later in this report

3. Allowances in 2012/13

3.1 Basic allowance

The current basic allowance is £9300 per annum, payable to all councillors.

This has risen significantly by increments from a sum of £6150 in 2007/8, when it was acknowledged that the 'Stockton-on -Tees' basic allowance was out of line with basic allowances paid by other similar councils. The current basic allowance of £9300 became payable in 2010/11 and has remained the same since then.

It is abundantly clear to us that there is no appetite within the council to increase the basic allowance in 2012/13, in view of the financial position of the council, despite the fact that it has been effectively frozen since April 2010. Some consultees have argued that the freeze in the allowance should continue, whereas others have suggested reductions between 2.5% and 15%.

In examining this issue, we accept the widely held view that whilst the basic allowance should not be an inducement for citizens to become councillors; nor should it ever become a barrier to entry. It should be sufficient to assist prospective councillors in maintaining a reasonable standard of living whilst undertaking council work and to meet the inevitable day to day costs of being a councillor, thus facilitating the take up of councillor duties by a more representative cross section of the community. For these reasons we regard the basic allowance as vitally important in securing effective democratic representation

Most councillors we interviewed believe the current allowance of £9300 to be sufficient to achieve these aims

The current allowance is above the average paid to comparator councils of £8473. This is however consistent with the work of the previous panel that related the current Stockton-on-Tees basic allowance to 'the higher level of allowances paid by other local authorities,' rather than to the average.

In cross checking the reasonableness of the basic allowance, the previous panel also relied on a nationally derived formula set out in a Councillors Commission report in 2007. This used a 'time assessment' of an average of 15 hours per week for basic councillor duties, less a discount of 'one third' to represent voluntary public service,

multiplied by an hourly pay rate of £18 based on the middle management grade in local government. This gave an allowance of £9360, which was rounded down to £9300.

We have attempted to check the continued relevance of this formula during our interviews with councillors. It is clear from these discussions that the number of hours worked by councillors varies widely, but that the '15 hours' used in the formula still appears to be valid as an average over the year, although some councillors undoubtedly do more than this. The pay rate of £18 per hour used in the formula is now £18.36 per hour, which would translate into a basic allowance of £9550.

Under normal circumstances we would be minded to recommend this sum for 2012/13

However, after taking account of the financial position faced by the council, and the predominant views of members that allowances should not increase overall, we recommend that the basic allowance should be frozen at £9300 for 2012/13, in line with the current freeze in staff salaries.

3.2 Special Responsibility Allowances

The council has a range of Special Responsibility Allowances (SRA's), which, like the basic allowance, have increased significantly by increments between 2007/8 and 2010/11 to achieve a better alignment with allowances paid elsewhere. SRA's were not increased in 2011/12, and therefore remain at their 2010/11 level.

In many council's SRA's are calculated as multiples of the basic allowance or as fractions of the Leaders allowance, and it is therefore clear to all concerned how each of the allowances have been derived. This is not the case in this council. We have consulted carefully on this point and recommend the introduction of a formulaic approach for 2012/13. This will enable members and the general public to better understand the relationship between the various SRA's and hence the relative levels of responsibility they reflect. In undertaking this approach we have also attempted to meet the majority view of councillors interviewed that our recommendations on these allowances should take account of the financial challenges faced by the council.

Clearly there is no scientific method of calculating relative responsibility levels given that much of the work involved is self-determined by individual councillors. In calculating the relativities for 'Executive' appointments we have relied largely (but not exclusively) on comparative information from other councils. However, in view of the wide disparity of scrutiny and other committee arrangements in force within councils, judgements about other positions such as Chairs/Vice Chairs are based to a greater degree on the results of our local interviews

3.2.1 Leaders Allowance

The Leaders Allowance is currently £28,000 per annum.

It is clear that the role of Council Leader is a highly responsible one and should therefore attract the highest SRA paid by the council. We have seen no evidence that the role has decreased since the allowance was calculated; indeed with the introduction of revised 'Executive Arrangements' it appears that the role has been enhanced in some respects, especially in terms of its longer tenure and its 'cabinet selection' duties. The average Leaders Allowance in comparator councils is £25,000, which is almost exactly three times the average basic allowance paid by the comparators. This seems to us to be a reasonable yardstick to use, which would produce a Leaders Allowance in Stockton-on-Tees of £27,900.

We therefore recommend that a Leaders allowance of £27,900 is agreed for 2012/13

3.2.2 Cabinet Members Allowance

Cabinet Members in Stockton-on Tees receive an allowance of £13000 per annum. The average allowance paid to Cabinet Members in comparator councils is lower (£11,263), which represents 45% of the average Leaders Allowance. From our discussions this seems a reasonable percentage to adopt

We therefore recommend a cabinet member allowance for 2012/13 of 45% of the Leaders allowance, amounting to £12,550

3.2.3 Deputy Leaders Allowance

As indicated earlier, the published member allowances scheme for 2011/12 does not include provision for a Deputy Leaders Allowance. Hence one is not payable at the moment to the existing Deputy Leader. We believe that this anomaly should be rectified through the payment of a backdated allowance to the Deputy Leader, in the form of a supplement to the Cabinet portfolio allowance payable. It is proposed that the same supplement is applied in 2012/13.

The role of the Deputy Leader is to step into the Leaders shoes in his absence or where more than one Leaders Duty occurs simultaneously. This requires the Deputy Leader to keep up to date with issues across the Cabinet as well as his own Cabinet duties. From our discussions it is clear that the role of Deputy Leader is still developing in Stockton following a period without a Deputy Leader position in the Cabinet, and that over the next 12 months a much clearer picture of the role will emerge. In comparator councils the Deputy Leader is paid on average 65% of the Leaders allowance, which would give an allowance of £18,135. However, because the role is still under development, we believe that this level of allowance is presently unjustified, and prefer to recommend an interim arrangement where the Deputy Leader receives a slightly higher allowance than other Cabinet Members (55% of the Leaders Allowance), but with provision to receive the full Leaders Allowance in the event that the Leader is unavailable for an extended period. This assumes that the Deputy Leader continues to hold one of the Cabinet Portfolios and seems to us to better reflect the reality of the situation in Stockton.

Accordingly, we recommend that the Deputy Leader be paid an interim allowance of 55% of the Leaders allowance as from the date the position was established in 2011, (£15,400 in 2011/12 & £15,345 in 2012/13), inclusive of his service portfolio, but will become eligible for the full Leaders Allowance should the Leader be absent from duty for a continuous period in excess of six weeks (and) that this role be re-examined by the panel at its next review to recommend an allowance based on a fuller specification of the role at that time

3.2.4 Chairs of Committees

Chairs of Committees receive an allowance of £7500. Comparative figures show a wide disparity, which may illustrate the different scrutiny arrangements in force, with an average allowance of around 'one third' of the Leaders Allowances payable. Stockton-on Tees has 8 Scrutiny/Select Committees, 2 Regulatory Committees, an Audit Committee and a Standards Committee. In terms of frequency of meetings, these are generally consistent between committees with the exception of the Planning Committee and the Licensing Committee (including its sub committee) that meets more frequently and the audit committee that meets less frequently.

Following our discussions, our view is that the Chairs of the Scrutiny Committee and the select Committees should all be remunerated at the same level, but given the relatively high number of committees this level should be set as a lower than average percentage of the Leaders Allowance than in comparator councils, which appear on average to have fewer Scrutiny Committees. We propose an allowance of 25% of the Leaders Allowance, which amounts to £6,975.

However, given the quasi judicial nature of the Planning and Licensing Committees and their more frequent meetings we believe the Chairs of these Committees should receive a slightly higher allowance, at 30% of the Leaders Allowance, which amounts to £8370. It is interesting to note that on average, comparator councils pay slightly smaller allowances to the Chairs of these Committees, but we do not agree with this approach, as it does not in our opinion take sufficient account of the community interest and legal implications of the decision making processes of these committees

For the Audit and Standards Committees the payments in other councils show no consistent pattern. In general the Audit Committee Chair is less well remunerated than the Chairs of other committees, but given their importance to the work of the council in respect of its governance we believe the chairs of these panels in Stockton-on Tees should, for the time being, continue to receive the same allowance as Select Committee Chairs. However we are aware that the national context within which both these committees are working is in the process of change with the abolition of both the Audit Commission and the Standards Board, and would wish to re-examine these allowances carefully during our next review to reflect the picture at that time.

3.2.5 Vice-Chairs of Committees

Vice Committee Chairs are remunerated at 50% of the Chairs allowance i.e. £3,750. This has drawn unfavourable comment during our consultations. Comparator councils pay an allowance equivalent to ‘one third’ of the Chairs Allowance, and we believe that this is a more appropriate level of remuneration. However this should be accompanied by a stand-in arrangement whereby the Vice Chair is entitled to receive the Chairs allowance in the event that the Chair is absent from duty for a continuous period of 6 weeks.

Based on the above we recommend that Vice Chairs of the Planning and Licensing Committees receive 10% of the Leaders Allowance (£2,790) and all other Vice Chairs receive 8.33% of the Leaders Allowance (£2,325).

3.2.6 Political Group Leaders

All Political Group Leaders are entitled to an allowance on a sliding scale based on ‘seats held’, although it is accepted practice that the Council Leader does not take up this entitlement. These allowances range from £6000 to £4000. Under current legislation a political group must have at least 2 members.

We have consulted on this issue carefully and have considered whether the current system of allowances payment is fair to council tax payers. We have also examined the schemes in comparator councils, many of which limit the number of allowances paid to Political Groups. The average allowance payable to the main opposition Group Leader in comparator councils is ‘one third’ of the Leaders Allowance (which in this Council would be £9300), although few of them pay more than two allowances to Opposition Groups

We are concerned that the receipt of a Group Leaders Allowance can be determined by the actions of a minimum of 2 councillors, through the creation of a new political group that would automatically attract an allowance. We do not believe that the receipt of any allowances should be capable of ‘self determination’ by members, or be paid to any new political group that has not been exposed to an election. We believe that the receipt of a Political Leaders Allowance should be determined the extent of its electoral support over the whole Borough at an election, on a sliding scale to reflect the likely size of the group, and hence the level of its influence and its workload.

Accordingly we recommend the following Group Leader Allowances, set at a slightly lower level than the average in comparator councils to reflect the greater number of groups in Stockton-on Tees eligible for an allowance.

<u>Level of electoral support*</u>	<u>% of Leaders SRA</u>	<u>Group Leader SRA</u>
		£
• Over 30%	30%	8370
• Over 25%	25%	6975
• Over 20%	20%	5580

• Over 15%	15%	4185
• Over 10%	10%	2790
• Over 7.5%	7.5%	2093
• Over 5%	5%	1395

** Level of support at an election for all candidates across Stockton-on-Tees*

3.2.7 Number of SRA's per Councillor

Currently there is no limit to the number of SRA's a councillor can claim, whereas most other councils stipulate a limit. For example, some stipulate that only one SRA can be claimed by a member and others that only the higher of the SRA's can be claimed if more than one remunerated position is held. Given the onerous basic duties of a councillor (for which the basic allowance is paid) and other duties such as serving on School Governing Bodies etc, we believe that this council should consider imposing a limit on the number of SRA's that can be claimed by any one Councillor to encourage a greater sharing of roles. In suggesting this, we recognise that the number of dual roles held in this council is very limited. In our view this limit should not include the Mayoral or Deputy Mayoral allowances or appointments to external bodies that attract their own allowance, although due regard should be made to the capacity of councillors to undertake external roles as well as their internal duties that attract an SRA.

We therefore recommend that no councillor should receive more than one SRA from the council (with the exception of Mayoral/Deputy Mayoral Allowances), and in the event that any councillor occupies more than one position that attracts an SRA, then only the highest allowance is paid to that councillor.

3.2.8 Child Care and Dependent Carers Allowance

Currently members can claim an allowance up to £8.71 per hour (or more where considered reasonable by the relevant corporate Director) up to a maximum of £400 per month. The allowance is rarely used by members. We believe that it would be reasonable to relate the hourly rate to the national minimum wage for over 21 year olds (as adopted by the Local Government Association), rather than the more arbitrary rate that currently applies, with the same ability for members to claim actual costs where considered reasonable by the Corporate Director.

We therefore recommend this approach for 2012/13

3.2.9 Co-Optees

Our examination of data from other councils shows no discernable pattern in co-Optees allowances. Currently, co-Optees receive a basic allowance of £650, which equates to 7% of the basic allowance for Councillors. We see no reason to treat the basic allowance for co-Optees differently to the basic allowance for councillors, and therefore recommend that this be frozen at its current level for 2012/13.

3.2.10 Mayoral/Deputy Mayoral Allowances, Travel, Subsistence and Pensions

We recommend no changes to current arrangements

4. Financial effects of our recommendations

4.1 Effect in 2011 /12

On the assumption that the Deputy Leaders allowance is effective from 1 June 2011, this will add **£2330** to the councils costs in the current year, excluding any payroll costs.

4.2 Effect in 2012/13

These are set out in table 1 below:

Table 1 - Financial consequences of Preliminary Recommendations (excluding payroll costs)

Allowance	Current £	Recommended £	Difference £
Basic	530,100	530,100	0
Leader	28,000	27,900	-100
Deputy Leader	0	15,345	15,345
Cabinet Members	104,000	87,850	-16,150
Chairs – scrutiny/select	60,000	55,800	-4,200
V Chairs - scrutiny/select	30,000	18,600	-11,400
Chairs – Planning/licensing	15,000	16,740	1,740
V Chairs Pl & licensing	7,500	5,580	-1,920
Chairs – Audit/Standards	15,000	13,950	-1,050
V Chairs – Audit/Standards	7,500	4,650	-2,850
Group Leaders*	25,000	12,556	-12,444
Carers allowance	n/k	n/k	n/k
Co-Optees (19)	12,350	12,350	0
TOTAL	834,450	801,421	-33,029

**Excluding Majority Group Leader*

Our recommendations for 2012/13 therefore represent an overall annual reduction of **£33,029**, equivalent to **4%** in Allowances spending.

In the event members wish to implement a greater overall reduction, the panel would recommend a pro-rata reduction of SRA's, rather than reducing the level of the Basic Allowance.

5. Summary of recommendations

5.1 For 2011/12 a Deputy Leaders Allowance of **£15,400** (inclusive of the cabinet members allowance) be payable from the date the position of Deputy Leader was re-established in 2011, but otherwise no changes be made to the allowances scheme for 2011/12

5.2 For 2012/13 the following allowances be payable

• Basic Allowance	£9,300
• Leaders Allowance (3 x basic allowance)	£27,900
• Cabinet Members Allowance (45% Leaders allowance)	£12,550
• Deputy Leaders Allowance (55% Leaders allowance)	£15,345
• Scrutiny/Select Cttee Chairs (25% Leaders allowance)	£6,975
• Planning/Licensing Cttee Chairs (30% Leaders allce)	£8,370
• Audit/Standards Cttee Chairs (25% Leaders allce)	£6,975
• Scrutiny/Select Cttee Vice Chairs (8.33% Leaders allce)	£2,325
• Planning/Licensing Cttee Vice Chairs (10% Leaders allce)	£2,790
• Audit/Standards Cttee Vice Chairs (8.33% Leaders allce)	£2,325
• Leader Conservative Group (25% Leaders allowance)	£6,975
• Leader Liberal Democrats Group (7.5% Leaders allce)	£2,093
• Leader IBIS (7.5% Leaders allowance)	£2,093
• Leader Thornaby IA (5% Leaders allowance)	£1,395
• Co-Optees basic allowance (7% Basic Allowance)	£650

5.3 No member should be paid more than one SRA by the council (with the exception of the Mayoral/Deputy Mayoral allowance), and in the event that any councillor occupies more than one position that attracts an SRA, then only the highest allowance is paid to that councillor.

5.4 The hourly rate for the Child Care and Dependent Carers Allowance should be equal to the statutory minimum wage for over 21 year olds, up to a maximum of £400 per month, but with the provision to pay actual costs where considered reasonable by the relevant Corporate Director

5.5 The recommended SRA's for the Deputy Leader and those in respect of the Audit and Standards Committees be re-examined during the next review of the Scheme of Allowances, in view of the changing nature of the duties of these posts

5.6 No changes be made to the Mayoral/Deputy Mayoral Allowances or travel, subsistence and pensions arrangements

Independent Remuneration Panel

6 December 2011