

STOCKTON ON TEES BOROUGH COUNCIL

REPORT OF THE INDEPENDENT REMUNERATION PANEL ON MEMBERS ALLOWANCES 2015/16 ONWARD, DECEMBER 2013

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1. INTRODUCTION

1.1 A new independent remuneration panel was established with council approval on 7th September 2011. The panel was asked to review Members' Allowances, with a view to making recommendations for 2011/12 and 2012/13. The panel reported its conclusions on 6 December 2011 and recommended a series of changes to the level of Members Allowances, which represented an overall saving to the council of approximately 4%

1.2 Based on this report the Cabinet proposed and Council subsequently agreed a 4% reduction in Members' Allowances for 2012/13. Although the level of savings agreed by the council broadly equated to the recommendations of the panel, councillors made a number of changes to the panel's detailed proposals. Some of these changes are discussed in the following paragraphs.

1.3 During the budget/council tax process for 2013/14 the Cabinet proposed and the Council agreed that Members Allowances should be frozen for 2013/14. As a result there was no need for the panel to meet to assess the allowances for that year.

1.4 At Council in June 2013, as part of its Medium Term Financial Planning Process, members agreed to target a saving of at least 15 % (130k) in members' allowances by 2015/16 onwards. It was therefore proposed that a further review of Members' Allowances by the Independent Remuneration Panel should take place during October/November 2013, with the intention of reporting to the council in March 2014

1.5 This report fulfils that obligation.

1.6 Membership of the remuneration panel remains the same as that for the 2011 review described above. This provides for a measure of continuity and consistency of approach. Membership of the panel is as follows:-

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

1.7 The terms of reference for Independent Remuneration Panels are set out in the Local Government (Members Allowances) England Regulations 2003.

1.8 As for previous reviews, the Panel has worked to a set of nationally recognised principles, reflecting as far as possible its own perceptions of local opinion, whilst acknowledging the current and future financial position of the council.

1.9 These principles are as follows:

- Remuneration in the form of allowances should be neither a barrier nor an inducement to entry
- Elected members should not suffer undue financial loss
- Basic Allowance should not discourage people from a wide range of backgrounds and wide range of skills to seek election as local councillors
- Councillors should be compensated for their work and the compensations should have regard to the full range and complexity of their roles.
- The system should be transparent, simple to operate and understand

1.10 Based on these principles, the panel has set itself a number of objectives as follows:-

- To contribute to the Councils overall objective
- To set a reasonable level of Allowances within the financial constraints and challenges facing the council
- To reflect the true value of the member role
- To take into account all functions within a Members Allowance scheme as stipulated by the Local Authority Regulations 2003

1.11 As indicated above, the council has targeted a saving in members' allowances of at least 15% from 2015/16 onwards. The panel acknowledges this can be achieved in a variety of different ways, including a structural review of the number of positions eligible to receive Special Responsibility Allowances.

1.12 Panel members would have preferred this structural review to have taken place by the council before the panel was convened, so that the panel could assess the level of allowances appropriate for any new governance structure.

1.13 In the event that members do make radical proposals to change the structure after the panel has reported there may be a need for the panel to do further work before the changes are finally agreed.

1.14 The panel does however recognise fully that it is an important part of the existing process, and that its work should contribute to the Council's overall objective of reducing costs to the public of its democratic system.

1.15 It has therefore decided to structure this report as follows

- A review of the level of allowances within the existing governance structure

- Advice on potential changes to the governance structure, based on discussions with council members. Although it is recognised that this is outside the remit of the panel, members may find this independent view helpful in their deliberations

2. PANEL MEETINGS

2.1 Since 7 October the Panel has met 3 times

2.2 It has also undertaken 16 semi structured interviews with a cross section of individual members

2.3 All members not interviewed have been invited to express their views via e-mail. 6 members have responded

2.4 The panel has analysed Basic Allowances paid to members within Stockton's comparator family. These councils are as follows:

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

2.5 The panel has examined and noted the minutes of the 'Members Advisory Panel' report of 25th September 2013

2.6 This information, together with background knowledge and research by panel members has been used to assist in the formulation of the recommendations in this report

3. ALLOWANCES IN 2015/16

3.1 The Basic Allowance

3.1.1 The current basic allowance is £9300, payable to all councillors. This level of allowance has remained static since 2010/11

3.1.2 The current allowance is above the average paid to comparator councils of £8473, although this sum takes no account of average ward size. This is examined further in 3.1.9 below

3.1.3 During interviews with members it has become clear that there is no appetite within the council to increase the level of the basic allowance. 98% of those consulted are in favour of maintaining the current level of allowance, believing it to be adequate in assisting them with their duties and responsibilities.

3.1.4 A lesser allowance is seen as a barrier to attracting the 'right' people into local politics. There is also a possibility that a significant reduction might prevent some current councillors from standing for re-election, although it is evident from those members interviewed as part of the process that they are not motivated simply by monetary reward.

3.1.5 Only two members suggested a decrease in basic allowance from a 'minimum of 10%' to a '£1000 reduction' across the board.

3.1.6 As part of the panel's previous review in 2011, it relied on a nationally derived formula set out in a Councillors Commission report in 2007 to establish what it considered to be a reasonable basic allowance for 2012/13. This uses 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 rate based on the middle management grade in local government. The rate in 2011 was £18.36 which translated into a basic allowance of £9550.

3.1.7 Taking into account the financial position faced by the council at that time and the generally held view that basic allowance should not increase, whilst the panel felt that such an allowance was a reasonable reflection of the duties of Stockton Councillors, it was recommended that the basic allowance should be frozen at £9300, which mirrored the position then appertaining to council staff.

3.1.8 It should be noted that if the same formula is applied in the current review, the basic allowance would increase to £9650, as the hourly rate has increased to £18.55.

3.1.9 As indicated in paragraph 3.1.2 the panel has also examined the average number of constituents served by ward councillors in the comparator family (3102) and compared this with the average ward size in Stockton (3436). On average a Stockton councillor therefore serves 10.8% more constituents than in the family. If this difference is applied to the comparator average of £8473, this gives a figure of £9385, which is slightly more than the current allowance.

3.1.10 The panel has considered all this information very carefully. Whilst it recognises that Stockton basic allowance is above the average of comparator councils of £8473, it is below the allowance derived from the nationally recognised formula of £9650 and below the weighted average based on constituents per member in the family group of £9385.

3.1.11 Under normal circumstances the panel would be minded to recommend the sum of £9650 for 2015/6 onwards. However, there is no enthusiasm within the council for an increase in the allowance. Nor is there a widely held view that it should be reduced significantly. The allowance has been frozen since 2010, which represents a cut in real terms, although it acknowledged that

for some members increases in personal tax allowances will have increased the spending power of the allowance. It is also clear that few councillors claim travelling allowances, as they meet these from the basic allowance, but any significant decrease in the allowance may affect this position

3.1.12 Taking all these factors into account, the panel recommends that the basic allowance should be frozen at £9300 for 2015/16.

3.2 Special Responsibility Allowances

3.2.1 The council has a range of Special Responsibility Allowances (SRA's), which were not increased in 2010/11 or 2011/12. In many councils SRA's are calculated as multiples of the basic allowance or as fractions of the Leaders Allowance

3.2.2 The introduction of a formulaic approach was recommended by the panel for 2012/13 to enable members and the general public to better understand the relationship between the various SRA's and hence the level of responsibility they reflect.

3.2.3 Cabinet considered the panel report on 12th January 2012 and whilst it supported many of its principles and recommendations, alternative proposals deemed more suitable to Stockton were adopted.

3.2.4 For 2012/13 the panel recommended that no member 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 a SRA, then only the highest allowance is paid to that councillor.

At full Council on 6th November 2013, Members agreed to this recommendation for 2014/15 onwards, but decided not to exclude Mayoral Allowances as suggested by the panel.

3.2.5 There is still no recognised method of calculating relative responsibility levels given that much of the work involved is self- determined by individual councillors. Such is the diversity of scrutiny and other committee arrangements in force across comparator councils; it is difficult to establish any meaningful formula for special responsibility allowances beyond those suggested in the panel's previous report.

3.2.6 Judgements regarding duties attracting a SRA are therefore based to a greater extent on the results of member interviews, local knowledge and acknowledgement of the financial constraints and challenges facing the Council.

3.3 Leaders Allowance

3.3.1 The Leaders Allowance is currently £26,800

3.3.2 The average Leaders Allowance in comparator councils is approximately £25,000, which is almost exactly three times the average basic allowance paid by the comparator councils. This ratio was accepted by the panel during the previous review as a reasonable method of calculating the Leaders Allowance. This gave a Leaders Allowance of £27,900 for Stockton which was recommended for 2012/13 but subsequently not agreed by Full Council. Instead the recommended allowance was reduced by 4% to £26,800 for 2012/13 thereby breaking the relationship recommended by the panel between Leaders Allowance and multiples of Stockton's basic allowance.

3.3.3 The panel cannot therefore rely any longer on this benchmark in this current review, as it would produce an increase in the level of allowance which is clearly unacceptable given the current financial climate.

3.3.4 The panel has therefore considered two other valid benchmarks, the average Leaders Allowance across all comparator councils, which currently stands at £24,952, and 'three times the average unweighted basic allowance' across comparator council's (i.e. 3 x £8473), generating an allowance of £25,419. The logical conclusion, therefore, is to set the Leaders Allowance at £25,000

3.3.5 We therefore recommend a Leaders Allowance of £25,000 is agreed for 2015/16

3.4 The Deputy Leader's Allowance

3.4.1 The Deputy Leader Allowance is currently £14,740

3.4.2 Provision for this role was introduced in the previous review.

3.4.3 As this role was still in a developmental stage at the time of the last review, an interim allowance of 55% of Leaders Allowance was recommended for 2012/13 amounting to £15,345. This was a slightly higher allowance than other Cabinet members (45%) recognising that the Deputy Leader will step into the Leaders shoes in his absence or where more than one Leaders duty occurs simultaneously.

3.4.4 The recommended SRA for the Deputy Leader has been re-examined by the panel during this review, and no strong evidence to change the percentage relationship with the Leaders Allowance has emerged.

3.4.5 We therefore recommend the interim allowance become permanent at 55% of the Leaders Allowance, at £13,750 for 2015/16, with provision to receive the full Leaders Allowance in the event that the Leader is unavailable for a continuous period in excess of six weeks.

3.5 Cabinet Member's Allowances

3.5.1 Cabinet members currently receive an allowance of £12060 per annum

3.5.2 The average allowance paid to cabinet members in comparator councils represents 45% of the average Leaders Allowance. This was seen as a reasonable percentage to adopt for 2012/13, and remains relevant to this review.

3.5.3 We therefore recommend a Cabinet Member allowance for 2015/16 of 45% of the Leaders Allowance amounting to £11,250

3.6 Chairs of Committees

3.6.1 All chairs of committees receive the same allowance of £6700 per annum

3.6.2 Comparative figures in other councils show a wide disparity, which probably reflects the different scrutiny arrangements that are in force. The average allowance is around one third of the Leaders Allowance.

3.6.3 Stockton-on-Tees has 8 Scrutiny/Select Committees, 2 Regulatory Committees and an Audit Committee. Since the previous review the Standards Committee is no longer operating.

3.6.4 In terms of frequency of meetings, these are generally consistent between committees with the exception of the Planning Committee and the Licensing Committees, that meet more frequently and the Audit Committee that meets less frequently.

3.6.5 As for 2012/13, the panel still believes that the Chairs of Scrutiny Committees and Select Committees should be remunerated at the same level, but given the relatively high number of committees, that level should continue to be set as a lower than average percentage of Leaders Allowance than in comparator councils, which appear to have fewer scrutiny committees.

3.6.6 For 2012/13 the panel proposed an allowance of 25% of the Leaders Allowance for Scrutiny and Select Committee chairs, which was accepted by the council. However, given the quasi judicial nature of the Planning and Licensing Committees, and their more frequent meetings, it was recommended that the Chairs of these committees should receive a slightly higher allowance at 30% of the Leaders Allowance. This slightly higher allowance was rejected by the Council, but nevertheless the panel continues to believe that its original recommendation was valid

3.6.7 The panel acknowledges the important work performed by the Audit Committee in terms of assuring good council governance and therefore believes the Chair of this Committee should receive the same level of Allowance as Select Committee Chairs

3.6.8 We therefore recommend the following level of allowances for 2015/16

- **Select/Scrutiny Committee Chairs at 25% of the Leaders Allowance, amounting to £6,250**
- **Audit Committee Chair at 25% of the Leaders Allowance, amounting to £6,250**
- **Planning and Licensing Committee Chairs at 30% of the Leaders Allowance, amounting to £7,500**

3.7 Vice-chairs of Committees

3.7.1 All vice-chairs receive an allowance of £3350, representing 12.5% of the Leaders Allowance.

This is higher than the panels' previous recommendation of 8.33% for all committees except Planning and Licensing Committees, which were recommended to receive 10%.

3.7.2 As in the previous review, this SRA has drawn much unfavourable comment during consultation with members, with the majority of members interviewed in favour of no allowance attached to this particular responsibility, except through standing arrangement whereby the vice chair is entitled to receive a Chairs allowance in the event the chair is absent from duty for a continuous period of time. The panel recommends a period of 6 weeks

3.7.3 After due consideration the panel is minded to agree with this majority view, with the proviso that should any chair of a committee wish to establish a working relationship with the vice chair that he/she considers warrants an allowance, then the chair should be free to allocate an appropriate part of the Chairs allowance to the vice chair

3.7.4 We therefore recommend that this role no longer attracts an allowance for 2015/16.

3.8 Political Group Leaders

3.8.1 In our previous review, the panel linked allowances for Group Leaders to electoral support in order to legitimise the level of those allowances to the rate payer. This was not accepted by the Council. The concerns of the panel that relate to the 'self determination' of such allowances therefore remain.

3.8.2 The Council decided to apportion Group Leaders Allowances on council seats won at election rather than votes, with a minimum 3 seats comprising a Group. In total the allowance across all political group leaders equates to 45% of the Leaders Allowance amounting to £12,060

3.8.3 Although it is custom and practice in Stockton to pay Group Leaders Allowances, many comparator councils limit the number of allowances paid to political groups. As Stockton is not led by a majority group, there is no requirement to pay an allowance to any member of a minority party.

3.8.4 The panel has considered whether it continues to be appropriate to pay any allowance to minority group leaders. Under the current allowances regime in Stockton it is possible for members to form new groups during a term of office if they so wish, and hence generate an allowance. The panel does not agree with this. The panels' attempt to disallow this possibility in the last review was not accepted by Council, and as a result the panel has reconsidered its approach. It now recommends that, in line with many other councils, a limit to the number of Minority Group Leader allowances payable is imposed. The limit suggested for Stockton is ONE, which should be set at 20% of the Leaders Allowance

3.8.5 We therefore recommend that this course of action is taken and that for 2015/16 a single minority group leader's allowance of £5,000 be paid to the Leader of the largest minority group.

3.9 Mayoral/Deputy Mayoral Allowance

3.9.1 The current Mayoral Allowance is £16,800. The Deputy Mayoral Allowance is £5,280

3.9.2 The panel recommends a reduction in the level of allowances corresponding to the level of reduction of the Leaders Allowance, (i.e. 7%).

3.9.3 We therefore recommend a Mayoral Allowance for 2015/16 amounting to £ 15,625, and a Deputy Mayoral Allowance for 2015/16 amounting to £4910

3.10 Childcare and Dependent Carers Allowance

3.10.1 We recommend no change for 2015/16

3.11 Co-optees

3.11.1 We recommend the allowance per co-optee be frozen at £650 for 2015/16 in line with the basic allowance for councillors

3.12 Travel, Subsistence and Pensions

3.12.1 We recommend no change for 2015/16

4 FINANCIAL EFFECTS OF OUR RECOMMENDATIONS IN 2015/16

These are set out in the table 1 below

Table 1 Financial consequence of Preliminary Recommendations (excluding payroll costs)

Allowance	Current £	Recommended £	Difference £
Basic	520,800	520,800	0
Leader	26,800	25,000	-1,800
Deputy Leader	14,740	13,750	-990
Cabinet Members	84,420	78,750	-5670

Chairs- scrutiny/select	53,600	50,000	-3,600
Vice chairs- scrutiny/select	26,800	0	-26,800
Chairs- Planning/Licensing	13,400	15,000	+1,600
Vice chairs- Pl/Licensing	6,700	0	-6,700
Chairs/ Audit & Standards**	13,400	6,250	-7,150
Vice chairs Audit & Standards**	6,700	0	-6,700
Group Leaders*	12,060	5000	-7,060
Carers Allowance	0	0	0
Co-optees***	12,350	12,350	0
TOTAL	791,770	726,900	64,870

*Excluding majority group leader

** Current vacant chair and vice chair Standards committee

*** Based on a budget for 19 co-optees

Our recommendations for 2015/16 therefore represent an overall annual reduction of £64,870, equivalent to 8% in allowances spending.

5 SUMMARY OF RECOMMENDATIONS

5.1 For 2015/16 the following allowances be payable

Basic Allowance	£9,300
Leaders Allowance	£25,000
Deputy Leaders Allowance	£13,750

Cabinet Members Allowance	£11,250
Scrutiny/Select Committee Chairs	£6250
Planning/Licensing Committee Chairs	£7,500
Audit Committee Chair	£6250
Vice Chairs –all committees	£0
Political Group Leaders	£5000
Co-optees Basic Allowance	£650

6 ADVICE ON POTENTIAL GOVERNANCE STRUCTURE BASED ON MEMBER INTERVIEWS

6.1 The above recommendations, if agreed by Council, amount to only half of the savings targeted by members for 2015/16 onwards. The panel does not believe that it can recommend further savings in the level of individual allowances payable without breaching its own objectives set out in paragraph 1.10 above. Therefore, unless Council decides to reduce the level of allowances beyond those recommended, it must review the number of positions that attract SRA's in order to make the required savings. Whilst such a review is outside the terms of reference of the panel, it has decided to offer some advice on this matter based purely on its interviews with members.

6.2 From interviews the general feeling was that Cabinet could be reduced by at least two members with the consequent saving of at least £22,500.

6.3 Similarly there was general agreement that the number of Select Committees should be reduced significantly, possibly to be replaced with a central Scrutiny Executive supported by a number of limited life 'task and finish' groups. Such a move would clearly require further examination by the Council, but could save significantly in allowances. For example, a reduction in the number of Select Committee chairs by four would save £25,000.

7 CONCLUSION

7.1 Members have set an ambitious target for savings in allowances for 2015/16 onwards. The panel has attempted to assist in this process, whilst adhering to its own objectives set out in the report.

7.2 In the event it has only been able to recommend levels of allowances which secure about half the required saving without breaching its own objectives. The panel has therefore offered advice based purely on its interviews with members, which could secure a large part of the remainder.

7.3 If the council does decide to make significant changes to its democratic structures, it may be necessary for the panel to meet again before the new structure and associated allowances are finally agreed.

7.4 The panel would like to thank all council members and officers who assisted in its work.