

# **BROMSGROVE DISTRICT COUNCIL**

## **REPORT OF THE INDEPENDENT REMUNERATION PANEL ON MEMBERS' ALLOWANCES FOR 2010/11**

### **1. Introduction**

- 1.1 In accordance with statutory requirements the Independent Remuneration Panel was appointed by the Council to consider and make recommendations on Members' Allowances. The Panel has agreed that it wishes to continue to review and make recommendations on an annual basis.
- 1.2 The Council has a duty to have regard to the recommendations made to it by the Panel before it agrees any amendments to the Council's Scheme of Members' Allowances.
- 1.3 This report presents the Panel's recommendations on Members' Allowances for the 2010/11 financial year. In reaching its conclusions the Panel has taken into account the prevailing economic climate and a wish to be fair and equitable to both councillors and local Council Tax payers.

### **2. Summary of Recommendations**

The Panel unanimously recommends:

- (1) That based on the new simpler formula as set out in section 4.9 of the report, the Basic Allowance payable to every Member of the Council be increased by 1% from £3,640 to £3,676.40 for 2010/11.
- (2) That a new Special Responsibility Allowance be payable for the position of Chairman of the Joint Overview and Scrutiny Committee and the level of payment for 2010/11 be set as shown in the table at recommendation (3) below;
- (3) That based on a multiplier of the Basic Allowance for 2010/11, the following levels of Special Responsibility Allowances be payable in 2010/11, representing an average increase of 1%:

<b>Position</b>	<b>Current SRA</b>	<b>Multiplier of Basic Allowance</b>	<b>Recommended SRA for 2010/11</b>
Leader of the Council	£7,385 plus £132 x number of members of their group (total = £10,817)	2.972	£10,925.17
Minority Group Leaders	£132 x number of members of their group	0.036	£133.32 x number of members of their group
Deputy Leader	£6,594	1.812	£6,660.36

<b>Position</b>	<b>Current SRA</b>	<b>Multiplier of Basic Allowance</b>	<b>Recommended SRA for 2010/11</b>
Other Cabinet Members	£4,748	1.305	£4,796.16
Chairman of Planning Committee	£3,429	0.942	£3,463.26
Chairman of Performance Management Board	£3,165	0.870	£3,197.10
Chairmen of Overview Board and Scrutiny Board	£3,165	0.870	£3,197.10
Chairman of Joint Overview and Scrutiny Board	N/A	0.435	£1,598.55
Chairman of Audit Board	£1,055	0.435*	£1,598.55*
<i>(* subject to caveat in 5.5.2)</i>			
Chairman of Standards Committee <i>(to be paid as a co-optee's allowance to independent person)</i>	£1,829	0.503	£1,847.56
Chairmen of Overview and Scrutiny Task Groups	£211 (payable on completion of task)	0.058	£213.14 (payable on completion of task)
Members of Overview and Scrutiny Task Groups	£106 (payable on completion of task)	0.029	£107.09 (payable on completion of task)
Chairman of Licensing Committee	£106 per meeting	0.029	£107.09 per meeting
Chairman of Licensing Sub-Committee	£106 per meeting	0.029	£107.09 per meeting
Chairman of Standards Sub-Committee <i>(to be paid as a co-optee's allowance to independent persons excluding the Chairman of the parent Committee)</i>	£106 per meeting	0.029	£107.09 per meeting
Chairman of Appeals Committee	£106 per meeting	0.029	£107.09 per meeting
Chairman of Electoral Matters Committee	£106 per meeting	0.029	£107.09 per meeting
Chairman of Appointments Committee	£106 per meeting	0.029	£107.09 per meeting

- (4) That for 2010/11, travelling expenses for approved duties be paid at a mileage rate of 40p per mile irrespective of vehicle engine capacity; and that the cycling allowance be payable at the same mileage rate as for vehicles for 2010/11 and beyond.
- (5) That no change be made to subsistence allowances for 2010/11.

### 3. **Background**

- 3.1 The Panel held a series of meetings during October to December 2009 to undertake the review of allowances for the 2010/11 financial year. We were pleased to note that since our last review the Council had achieved a Fair Comprehensive Performance Assessment (CPA) rating.
- 3.2 During our review we were supplied with benchmarking information as to the level of allowances paid by a family group of similar district councils and those paid by the other district councils within the County. All the benchmarked councils had a CPA rating of Fair, Good or Excellent (we recognise that future comparisons will need to relate to outcomes under the new Comprehensive Area Assessment regime).
- 3.3 In line with the consultation arrangements adopted in recent years, we had intended to meet collectively with Group Leaders and/or their representatives. However, in response to specific requests, we agreed to have an individual meeting with representatives from each Group. Accordingly we met separately with Councillors S. R. Peters and D. L. Pardoe, representing the Independents and Wythall Residents' Coalition; Councillor P. M. McDonald, Leader of the Labour Group; and Councillors R. Hollingworth and G. N. Denaro, Leader and Deputy Leader of the Conservative Group. We would like to formally express our thanks to these Members.
- 3.4 As in previous years, the Panel wishes to re-affirm its view that people who seek Council office should do so out of a sense of public service and not purely for the remuneration that may be available. However, the Panel also believes that the time and effort put in by councillors should be recognised and rewarded.

### 4. **Basic Allowance**

- 4.1 The Council is reminded that Basic Allowance is payable to all Members of the Council and is intended to recognise the time commitment of all councillors, including calls on their time such as meetings with officers, constituents, political group meetings, etc.
- 4.2 Last year the Panel recommended a formula for the calculation of Basic Allowance based on a commonly adopted approach of:  
*hours for the job x rate for the job x public service contribution.*
- 4.3 The Panel's formula also included a 'sensitivity factor' as part of the 'hours for the job' element. This was because the Panel recognised that small increases to individual elements of the formula, once multiplied, could have a compound effect and thus lead to the calculation of significant future increases in the level of Basic Allowance.

4.4 The Panel acknowledges that including the 'sensitivity factor' within the formula last year made it difficult to understand and explain. Last year we indicated that we would keep the formula under review and we now recognise that a simpler formula would be more transparent and easier for councillors and the public to understand.

#### 4.5 ***'Hours for the job'***

Last year the Panel was guided by the findings of the 2006 Councillor Census undertaken on behalf of the Local Government Association and the Improvement and Development Agency. This year the Panel has been guided by the 2008 Councillor Census (published in January 2009). For the Census councillors were asked to indicate how much time they spent on attending meetings or committees; engaging with constituents, conducting surgeries and answering enquiries; and other council business such as external meetings, travel, training events or seminars. The average time for a shire district councillor amounted to 18.5 hours.

#### 4.6 ***'Rate for the job'***

Last year the Panel chose to adopt the average (median) hourly earnings for 2008 for the West Midlands as published by the Office of National Statistics. The Panel has re-considered this element of the formula and taken into account views expressed during the consultation meetings. The Panel has now chosen to adopt the national minimum wage (currently £5.80) as the 'rate for the job'. In reaching this conclusion the Panel has also taken into account the level of annual percentage increases in the national minimum wage in recent years.

#### 4.7 ***'Public service contribution'***

4.7.1 This is the proportion of councillors' time that is considered voluntary service (i.e. not remunerated). The Government Guidance stresses 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 councillors.

4.7.2 Last year the Panel chose to adopt a public service contribution of 50% which was based on benchmarking with a small sample of other family group councils who had adopted a formula approach. The Panel has re-considered this element of the formula and taken into account the contents of a paper '*Members Remuneration*' published by the Councillors Commission in December 2007 which stated that the public service discount most often used is 30-33% (although it could vary from 25-50%). For illustration, this means that if a councillor spends 18 hours per week on Council business then 6 hours of this would be deemed voluntary.

4.8 The Panel is mindful of the current economic climate and during its deliberations the rate of inflation was around 1% or less but with indications that this may increase in 2010/11. The Panel was also mindful that Council staff had received a national pay award of 1% during the current year. The Panel is also keen to retain the relative position of Bromsgrove Council's

allowances in comparison with other benchmarked councils. Under these circumstances the Panel felt that an increase of around 1% in Basic Allowance would be appropriate.

- 4.9 In summary, the new formula adopted by the Panel for the calculation of Basic Allowance for 2010/11 is:

(18.5 hours less 34.11% public service contribution) x £5.80 x 52 weeks = **£3,676.40\***

***\* This equates to a 1% increase in Basic Allowance.***

- 4.10 In the new formula the public service contribution is shown as 34.11%. In general terms, this means that Bromsgrove councillors would be remunerated for two-thirds of the notional 18.5 hours spent on Council business, whilst a third of that time would be treated as a voluntary public service contribution.
- 4.11 *The Panel wishes to highlight that very small changes to the public service contribution can significantly affect the outcome. Rounding down the percentage figure would increase the Basic Allowance further; whilst any increase to the percentage figure would reduce the Basic Allowance. For example, a slightly reduced figure of 33% would generate an increase in Basic Allowance of 2.71%. A slightly higher figure of 35% would generate a reduction of -3.6%.*
- 4.12 The new formula and particularly the public service discount element will be kept under review by the Panel to determine future changes to the level of Basic Allowance. Any changes desired by the Council would need to be referred to the Panel for consideration.

## **5. Special Responsibility Allowances**

- 5.1 In order to calculate the recommended levels of Special Responsibility Allowance (SRA) payable for various positions in 2010/11, the Panel has applied a multiplier based on the recommended level of Basic Allowance. This approach will lead to an average increase of 1% in SRAs.
- 5.2 In reviewing SRAs the Panel was broadly satisfied with the established differentials between the various positions for which an SRA is payable and with the multipliers that it had recommended last year. As with last year the Panel has avoided rounding up or down the multiplier as this would lead to discrepancies in the percentage increases. This has ensured a consistent approach which is fair to the various positions of responsibility. In addition, the Panel does not wish to elevate the Council's SRAs to a level way above similar councils and again is mindful of the economic climate.

## **5.3 Chairman of Joint Overview and Scrutiny Board**

- 5.3.1 The Panel's attention has been drawn to the establishment of a new Joint Overview and Scrutiny Board and to the specific functions allocated to this Board which include scrutiny of the Council's budgets, councillor Calls for Action and scrutiny of the Crime and Disorder Reduction Partnership. The Panel has taken into account the likely number meetings per year of the Board and the related time, effort and responsibility required of its Chairman.

5.3.2 We recommend that an SRA be attached to this post and that this be equivalent to 50% of the SRA payable to the Chairmen of the Overview and Scrutiny Boards.

#### **5.4 Overview and Scrutiny Task Groups**

5.4.1 The Panel has re-considered the question of whether an SRA should be payable to those Members who serve on Overview and Scrutiny Task Groups. At present an SRA is payable to such Members.

5.4.2 The Panel is aware that Members volunteer to serve on Task Groups and that in doing so they are required to attend a number of meetings within a short period of time to enable a Task Group to complete its scrutiny exercise. We recognise that those who choose to participate in Task Groups incur additional time and effort above and beyond those councillors who refrain from such involvement. We therefore consider that an SRA should continue to be payable to each Member who serves on a Task Group.

#### **5.5 Chairman of the Audit Board**

5.5.1 The Panel has re-considered the level of SRA payable to the Chairman of the Audit Board. For the current year the level of SRA for the Chairman of the Audit Board was reduced to the equivalent of one third of that payable to the other Board Chairmen, having previously been paid at the same level. This reduction was based on the frequency of Audit Board meetings compared to the other Boards.

5.5.2 Having taken into the account that the Audit Board now meets around 6 times per year (rather than 4 times as reported last year) and this year has been given additional responsibility for approval of the Council's Statement of Accounts, the Panel is now of the view that the SRA payable to the Chairman of this Board should be increased to half that payable to other Board Chairmen. However, should this responsibility change, the Panel recommends that the SRA payable should revert to being paid at a level equivalent to one third of that payable to the other Board Chairmen.

#### **5.6 Minority Group Leaders**

5.6.1 The Panel has noted that, following a decision made at the meeting of the full Council on 18th November 2009, the role of Leader of the Opposition has ceased to exist and therefore we no longer need to recommend an SRA for this position.

5.6.2 The Panel has given further consideration to the SRAs payable to minority group leaders and has concluded that the current arrangement of an SRA payable according to the size of the group membership should continue. We would point out that SRAs for minority group leaders have been included within the Council's Members' Allowances Scheme for the past 6 years and that it is not uncommon for other councils to pay SRAs for such positions.

5.6.3 The 2003 Members' Allowances Regulations require that where members of an authority are divided into at least two political groups and a majority of members belong to the same political group (the controlling group), an SRA shall be paid to at least one member who is not a member of the controlling group and who has special responsibilities as a leader/deputy of a political group or acts as a spokesman of a political group on a committee.

## 5.7 **Licensing Sub-Committees**

5.7.1 The Panel has noted that the former Taxi Licensing Sub-Committee has been replaced with two new fixed membership Licensing (Miscellaneous) Sub-Committees A and B which have broader terms of reference including taxi licensing, street trading consents and various other licence applications.

5.7.2 The list of SRAs currently includes a payment per meeting for chairing meetings of Licensing Sub-Committees. Previously this included the Taxi Licensing Sub-Committee and the Licensing Sub-Committee (which deals with deals with matters under the Licensing Act 2003 and Gambling Act 2005). During the current municipal year the use of this SRA has been extended to include meetings of the new Licensing (Miscellaneous) Sub-committees A and B. It is intended that this practice will continue.

## 5.8 **Other Developments**

5.8.1 Last year the Panel recommended that an SRA should be not payable for a new post of Shadow Portfolio Holder. We note that this role has now ceased to exist.

5.8.2 The Panel has also noted the decision taken by the Cabinet on 2nd December 2009 with regard to the cessation of Local Neighbourhood Partnerships (LNPs). The Panel had previously recommended that no SRA be payable to the Chairman of LNPs as they were not formally constituted committees of the Council.

5.8.3 The Panel is aware that the Council will, in due course, consider a report on the Local Government and Public Involvement in Health Act 2007 in order to form a view on the executive arrangements it wishes to adopt and the extent (if any) to which decision-making powers are to be delegated to individual Members. The Panel will take account of any developments as part of its future reviews of allowances.

## 6. **Travelling and Subsistence Allowances**

6.1 Under the 2003 Members' Allowances Regulations there is local discretion as to the payment of travelling allowances. Based on a previous recommendation from the Panel, the Council's Scheme of Members' Allowances has for several years provided that travelling expenses will be paid at the same mileage rates agreed for Council staff by the National Joint Committee, and that such rates will be increased annually in line with staff rates. The mileage rates currently payable vary according to vehicle engine size. At present all Members who claim travelling allowances are paid at the top rate of 60.1p per mile for vehicles of 1200cc and over. In accordance with current Inland Revenue rules, 40p of this rate is tax-free

- 6.2 In view of the current economic climate, the Council's commitment to climate change and comments made during the consultation meetings, the Panel has re-considered the question of travelling expenses for councillors. The Panel now recommends that travelling allowances be paid at a flat rate of 40p per mile in 2010/11, irrespective of vehicle engine size.
- 6.3 In addition, the Panel recommends that the current cycling allowance (20p per mile) be increased and be paid at the same rate as for vehicles for 2010/11 and beyond.
- 6.4 During our consultation meetings we received representations with regard to the possibility of introducing an enhanced travelling allowance for Members representing the relatively large geographic Wards. However, we noted that the criteria for the payment of travelling allowances as set out in the 2003 Members' Allowances Regulations does not include general Ward-based duties and therefore the Panel cannot make a recommendation in this regard.
- 6.5 Having taken into account the changes made in recent years to the list of "approved duties" which qualify for the payment of travelling and subsistence allowances, the Panel does not wish to recommend any further changes for 2010/11.
- 6.6 Having reviewed the levels of subsistence allowance payable under the Council's Scheme of Allowances, the Panel does not wish to recommend any further increases for 2010/11. This will be the second year that such allowances have remained unchanged.

## 7. **Conclusion**

- 7.1 The Panel wishes to reiterate that, as was the case last year, we have taken into account the economic climate and we are aware of the financial constraints facing Bromsgrove District Council and other councils. Under these circumstances we have striven to be fair to councillors and local Council Tax payers. We unanimously commend our recommendations to the Council for approval.

Independent Remuneration Panel  
16th December 2009