

## **REPORT OF THE INDEPENDENT REMUNERATION PANEL**

**December 2012**

### **Introduction by the Chair**

Each year the Independent Remuneration Panel reports to council its findings and recommendations on the level of allowances that should be paid to the elected members in Burnley for the ensuing year.

Our work is to look independently and objectively at the allowances and make appropriate and relevant recommendations to Council.

I and my colleagues on the Panel understand that members' allowances can be a controversial issue, especially in times of financial constraints and cutbacks. We know that budget cuts and uncertainties face all local authorities in 2013 and we understand that members might find it difficult to support any increase in members' allowances in this climate. However history of the issues teaches us that there is never a good time for members to increase their allowances. This year we have tried to rebalance the allowances so that the basic allowance can be increased without requiring an increase to the budget.

Back in 2008 Burnley councillors took the brave step and accepted our recommendations to increase the basic allowance to £2700. This was part of a recommended three year package which if adhered to would have resulted in the basic allowance rising to £3,250 by 2010/11. Since 2008 the basic allowance has remained stagnant at £2,700 and the reasons for this can be cited as the difficult economic climate since that time and the freeze in public sector pay.

This year we are urging members to utilise the budget that has been available for 2012/13, we are not recommending an increase in budget provision for 2013/14. We hope you will take time to read this report and support our recommendations for the members' allowance scheme for 2013/14.

Brenda Rochester

Chair of the Independent Remuneration Panel

**Members of the Independent Remuneration Panel**

**Mrs Brenda Rochester – Chair**

**Mr Terry Hephrun**

**Mr David Sparrow**

**Mr Graham Knott**

**Mrs Anne Slater**

Assisted and advised by Imelda Grady, Democracy Officer

**1. Role of the Independent Remuneration Panel (IRP)**

The Local Authorities (Members' Allowances) (England) Regulations 2003 require the Council to have regard to a report of an Independent Remuneration Panel prior to setting its members allowances for the ensuing year.

Although the Council must consider our findings, it is a matter for the Council to decide its scheme of members' allowances and whether to implement any of our recommendations.

**2. Terms of Reference**

We work to the Government's guidance when considering the members' allowance scheme.

Our terms of reference are to recommend to Council:

- The level of basic allowance payable to all members
- Which members should receive a special responsibility allowance and at what level
- Whether there should be Dependants' Carers' Allowance to those members who incur expense in arranging care for children or dependants while they carry out approved duties under the regulations and at what level
- The payment of Travelling and Subsistence Allowance when members carry out approved duties under the regulations and at what level
- Whether there should be a payment of any co-optees allowance and at what level.
- Whether there should be provision for an annual adjustment of allowances by a specified index and for how long (but for no more than 4 years)
- The provision for an amendment to the scheme to apply from the beginning of the financial year
- The provision for allowances to be repaid following suspension or cessation of being a member or due to non-entitlement
- Whether the allowances should be pensionable.

### 3. **Principles**

The Panel has always worked to the following principles

- That the members allowance scheme should be fair, easy to understand and straightforward to administer
- That the level of basic allowance should adequately reflect and compensate members for their commitment and time spent on their duties at council meetings and representing the council on outside bodies and on carrying out work in their Wards and the Borough but also reflect an element of voluntary work.
- That the level of allowance should not be a deterrent to potential candidates from diverse and under-represented groups who might wish to become elected members
- That the level of special responsibility allowance should reflect additional responsibilities over and above the generally accepted duties of a councillor and should be a multiplier of the basic allowance
- The allowances should not be pensionable as the Panel believes the allowances should not be seen as a salary

### 4. **Methodology**

This year the Panel has met on five occasions to conduct this review. (16<sup>th</sup> August, 10<sup>th</sup> September, 8<sup>th</sup> October, 8<sup>th</sup> November and 21<sup>st</sup> November 2012)

During the course of the review the Panel has;

- Considered comparative information on the level of basic allowances paid at neighbouring Lancashire authorities
- Considered comparative information on the Leaders' allowances and other special responsibility allowances at neighbouring Lancashire authorities
- Sent out a questionnaire to all members of the council seeking their views on the current scheme and whether or not it should be reviewed/increased for 2013/14
- Received a presentation from the Monitoring Officer on the new Standards Committee and the role of the Independent Persons
- Consulted with the Leader of the Council and relevant officers.
- Reported our findings to the Member Structures and Support Working Group

**5. Evidence gathered and considered**

5.1 Comparative information with neighbouring Authorities

<u>Basic allowance</u>		<u>Leaders*</u>	
West Lancs	4,842	Hyndburn	25,457
Hyndburn	4,709	Wyre	23,000
Chorley	4,242	Chorley	21,285
Wyre	4,020	<b>Burnley</b>	<b>17,550</b>
Preston	3,567	Ribble Valley	17,066
Fylde	3,500	West Lancs	16,943
Rossendale	3,342	Rossendale	16,710
Lancaster	3,300	Fylde	14,396
Pendle	3,000	Lancaster	14,360
Ribble Valley	2,844	Preston	12,411
<b>Burnley</b>	<b>2,700</b>	Pendle	10,500

\*Leaders allowances are made up of a combination of Leaders allowance + basic+ other SRAs and in some instances + Group Leader allowance

The above table shows that there is a great spread between the allowances paid at neighbouring Lancashire authorities both at the basic level and the leaders level.

If we look back to the findings of the last Members Allowance Survey undertaken in 2008 by the Local Government Association we find that the average basic allowance was £4,194 for the shire districts. The average leader's allowance was £17,753 and this ranged from £11,490 in shire districts.

5.2 Questionnaire to members

We issued a questionnaire to all 45 members of the council to seek their views on the allowances.

We would like to thank members for taking the time to complete the questionnaire as this has provided us with an insight into the different roles which elected members undertake and the time commitment associated with their roles

A total of 19 responses were received.

An analysis of the time spent as a councillor

	Average hours per week
Day time meetings	3.4
Evening meetings	5.4
Constituency work	7.4
Political group work	4.4
SRA (where applicable)	8

Q. on whether members were satisfied with the current members allowance scheme

Satisfied	11
Satisfied with reservations	2
Not satisfied	6

Q. on whether members thought the scheme for 2013/14 should be reviewed

should be reviewed	12
reviewed but not at this time	1
should not be reviewed	5
no response	1

Q. if allowances should be increased

Should be increased	10
planned increases when economy stable	1
no increase in present economic climate	2
no increase	6

Q. on whether the allowances were a consideration for them becoming a councillor

No	17
Yes	1
No response	1

Q. on whether the level of allowances might inhibit candidates especially those from diverse and under-represented groups

Yes	8
Maybe	3
No	7
No response	1

The majority of respondents were satisfied with the current members allowance scheme but most felt that the scheme should be reviewed for 2013/14 and that allowances should be increased. However there was no real consensus on how this could be achieved.

### 5.3 Standards Committee and Independent Persons

Members received a presentation from the Monitoring Officer on the changes to the Standards Committee following the introduction of The Localism Act 2011.

Under the old Standards regime the Independent Chair of the Standards Committee had been paid an allowance equivalent to a basic allowance. This allowance transferred in July 2012 to the new Chair of the Standards Committee who was an elected member.

The Panel was informed that the new Standards Committee would meet four times a year to consider strategic issues and statistical information.

The new arrangements required the appointment of an Independent Person(s) to work with the Monitoring Officer. The Council has appointed two Independent Persons whose roles will be to alternate between advising members who have complaints raised against them and assisting the monitoring officer with assessing the complaints received.

### 5.4 Interview with the Leader and Head of the Chief Executive's Office

We are grateful to the Leader of the Council and the Head of the Chief Executive's Office for taking the time to meet with us and help us in our deliberations.

## 6. Conclusions reached

### Standards Committee

From the evidence provided by the Monitoring Officer we consider the work of the Chair of the new Standards Committee to be of a similar responsibility to that of the Chairs of the Licensing and Audit Committees. We are therefore recommending a payment to the Chair of the Standards Committee at the same rate as that paid to the Chairs of Licensing and Audit Committees. The Panel is also recommending a payment of £500 per annum to each of the two Independent persons.

### Basic Allowance and Special Responsibility Allowances

We found the responses provided by members in the questionnaire to be mixed. On the one hand it showed satisfaction with the current scheme but on the other hand it showed a growing dissatisfaction especially with the basic allowance. Many felt that the basic allowance it was too low, that the gap between the basic allowance and special responsibility allowance was too wide, that the basic allowance should be similar to that paid in other local authorities and that in real terms the basic allowance no longer covered all the costs associated with being a councillor.

An analysis of the responses from those who indicated that the allowances should not be increased showed that the main reason for this was the continuing difficult economic climate facing local authorities and the threat to jobs in the public sector

We believe that the level of basic allowance should adequately reflect the level of commitment and time that members spend on council business, attending meetings of the council, carrying out their roles as Ward members and representing the council in the wider community. We recognise the impact of this work on members' personal and private lives. We also believe that the level of allowance should recompense members for the costs incurred in being a councillor and that members' should not be out of pocket. We have balanced this in line with government guidance and agree that it is important that some element of the work of members should be voluntary and for public service.

Evidence from neighbouring authorities' shows that Burnley is falling further behind at the basic allowance level. However the Leader's allowance in Burnley is in the mid to high bracket of comparative authorities. We feel there is justification to rationalise the basic and special responsibility allowances in a more equitable way but one which also keeps within the current budget of £188,670.

Our proposal to redistribute the allowances within budget means there are some winners and some losers. The Leader of the Council loses the most and the Committee Chairs lose a small amount. We wish to stress that we do not consider the work of the Leader or the

Committee Chairs to have diminished in any way but we do want to ensure that the basic allowance paid to all elected members adequately covers the expenses they incur.

The budget for Members Allowances for 2013/14 is £194,330. We are recommending that the budget for 2013/14 is kept at the current level of £188,670 thereby making a saving to the Council of £5660 in 2013/14.

We recommend that the basic allowance and the special responsibility allowances should be as follows

	<b>2013/14</b>
basic	2,900
Leader	basic x 3.357
Deputy Leader	basic x 0.839
Executive Members	basic x 1.469
Scrutiny and Development Control	basic x 0.839
Licensing, Audit standards Chair and Group leaders	Basic x 0.420
Independent Persons	2 x £500
National insurance	@1.3%
<b>Total</b>	<b>£188,670</b>

The effect on the SRAs over the year would be to :-

Reduce the Leader's total allowance by £655

Increase the Deputy Leader's total allowance by £143

Increase the Executive members' allowance by £409

Reduce the Chairs of Scrutiny and Development Control allowance by £66

Increase the Chairs of Audit, Licensing and Standards , Vice-Chair of Development Control and Group Leaders allowances by £66

This new approach to reallocate remuneration in a more equitable way within budget would provide an increase in the total basic allowance of £200 per annum to each of the 45 members.

#### **Carers' and Dependent Carers' Allowance**

This allowance was introduced in 2004 to ensure that any barriers to public service were removed. The Panel recommends that there be no change to the carers and dependent carers allowance and that it continues to be paid at the current rate of the adult minimum wage and to the same criteria.

#### **Travel and Subsistence Allowances**

The Panel recommends that the level of travel allowance and subsistence allowance should be the same as that paid to officers locally.

**Pensions**

The Panel recommends that member allowances are not classified as pensionable under the Regulations

**Indexing**

The Panel feels that it is not appropriate for the level of allowances to be indexed as they are not seen to be salaries.

**Backdating**

The Panel recommends that there be no backdating of allowances.

**Repayment/suspension of allowances**

The Panel recommends that allowances should be repayable if a councillor is suspended, ceases to be a councillor due to a relevant conviction or non-attendance, or resigns.

Having considered detailed evidence and interviews and survey responses taken throughout the course of the review, we believe that this is the right basis on which allowances should be paid.