

METROPOLITAN BOROUGH OF WIRRAL

CABINET - 14 MARCH 2002

REPORT OF THE INDEPENDENT PANEL ON MEMBERS' ALLOWANCES

REPORT OF BOROUGH SOLICITOR AND SECRETARY

1. Summary

This report advises members of the report of the Independent Panel on Members' Allowances and seek instructions in relation to the setting of a members' allowances scheme for the municipal year 2002-03.

2. Background

- 2.1 The current members' allowances scheme has been in place since July 2000 and was based on the recommendations of an Independent Panel set up voluntarily set up by the Council. Since then, regulations have been made under the Local Government Act 2000 requiring Councils to establish and maintain an independent panel to make recommendations to Councils about members' allowances. I reported to you in October of last year, and it was agreed that a panel should be convened to be assisted by the help of a consultant. The Independent Panel comprised The Right Rev. David Urquhart, Bishop of Birkenhead (Chair), Nunzia Bertali, Italian Consul, Pauline Brown, Business Adviser (Human Resources), British Printing Industries Federation and Dr. Gerry Hare, Works Director, Unilever Fabège. The Independent Panel was assisted by Don Latham, a private local government consultant.
- 2.2 The Independent Panel met on a number of occasions and took evidence from the Leaders of the three political parties. They also considered written representations from individual Councillors who contacted them. The Independent Panel's report is annexed to this report at Appendix 1 and sets out. In their recommendations the position Wirral should move to in relation to members' allowances.
- 2.3 The report of the Independent Panel has been shared with the Local Democracy Working Party. The Working Party welcomed the report and broadly accepted its findings, noting that the Panel's recommendations for a future scheme more accurately reflected the current Government guidance and best practice.
- 2.4 The Local Democracy Working Party are minded to suggest departing from the recommendations of the Independent Panel in one or two instances. Firstly, they have suggested that the basic allowance be paid at £9,000 per annum in monthly instalments, rather than the Independent Panel's

recommendation of £8,700. This would be based on the hours calculation as described in the Independent Panel's report but increasing the cost of the expense element of the basic allowance to £500 from £200. It should be noted that the expense element is notional. It is recognised that it may well cost Councillors significantly more than £500 to perform their duties.

2.5 Special Responsibility Allowance - The other key changes which the Local Democracy Working Party are minded to change from those of the Independent Panel relate to special responsibility allowances. Firstly, the Local Democracy Working Party suggest that the multiplier used for basic should be reduced to £8,500 rather than the Independent Panel's £8,700. The logic behind this is that the multiplier used should be net of the expense element of the claim which in both the case of the Independent Panel and the Local Democracy Working Party is £8,500.

2.6 The other key change relates to the Chairs of Select Committees. The current members' allowances scheme provides for payments to be made to Chairs and Vice-Chairs of the Select Committees and, indeed, Spokespersons. It is accepted by the Local Democracy Working Party that we should move to a situation where the Chairs only are recompensed by a special responsibility allowance. However, it is felt that the multiplier of 30% of basic proposed by the Independent Panel is too low and fails to pay appropriate regard to the importance of the scrutiny role. The Local Democracy Working Party are also conscious that the role, responsibilities and workload of Scrutiny Chairs will significantly increase in May of this year when the number of Select Committees is reduced from ten to six and as the scrutiny role develops. To that end, the Local Democracy Working Party have suggested that Chairs of Scrutiny Committees be paid a Special Responsibility Allowance set at 50% of that basic figure and therefore half of the Cabinet members' special responsibility allowance, rather than the 30% proposed by the Independent Panel.

2.7 The table below sets out members' basic allowance and special responsibility allowances which the Local Democracy Working Party have asked that I put to Cabinet and Council for approval.

Allowance	Cost £	Individual Allowance £
Basic (£9k x 66)	594,000	9,000
Leader of Council (£8.5k x 250%)	21,250	21,250
Deputy Leader of the largest group (£21,250 Leader x 50%)	10,625	10,625
Cabinet Members (£8.5k x 8)	68,000	8,500
Chairs of Select Committees (8.5k x 50% x 6 members)	25,500	4,250

Allowance	Cost £	Individual Allowance £
Chair of Licensing (£8.5k x 30%)	2,500	2,500
Leader of largest opposition group (£8.5k x 150%)	12,750	12,750
Deputy Leader of largest opposition group	6,375	6,375
Leader of second largest opposition group (£8.5k)	8,500	8,500
Deputy Leader of second largest opposition group (£8.5k x 50%)	4,250	4,250
Chair of Pensions Committee (£8.5k x 30%)	2,550	2,550
Chair of Standards Committee (£8.5k x 10%)	850	8,500
Total Expenditure	£761,400	
[Previous Expenditure	£745,00]	
{% increase	2.2%]	

2.8 Other Regulatory Requirements - The setting of a members' allowances scheme is a whole Council decision and the purpose of Cabinet is to make recommendations to Council. The Local Democracy Working Party's recommendations are meant to inform Cabinet of the views across the political parties. The Members' Allowances Regulations also require that as soon as reasonably practicable after receiving a report from an Independent Panel which sets out its recommendations, Councils must ensure that copies of the report are available for inspection at Council offices at reasonable hours and a notice must be published in at least one newspaper circulating in the Council's area which:

- states that the Council has received recommendations from an Independent Remuneration Panel about their scheme of allowances;
- states that copies of the report, detailing the Independent Panel's recommendations are available for inspection at Council offices at reasonable hours;

- describes the main features of the Independent Panel's recommendations, including the amounts of allowance the Panel has recommended should be payable to members.

At Appendix 2 to this report I attach a copy of a notice which will be placed in a local newspaper to comply with the regulatory requirements.

- 2.9 Timetable - The Independent Panel has made recommendations in relation to the ensuing municipal year and the new Constitution that is to be in place. It is recommended that in adopting a scheme of members' allowances, the Council resolve to have this in place from 1 May 2002. It should be noted that the Independent Panel has intended that their report fits a situation where the Council is either governed by a ruling political party or where there is no overall control. By and large this is felt to be the case with the exception of the situation of Deputy Leader which in the Independent Panel's report is referred to as being Deputy Leader of the Council. In reality, the Deputy Leader of the Council may be from a different political party to the Leader and therefore the Deputy Leader is taken to mean Deputy Leader of the Largest Group. Once the Council has adopted a scheme, again the Members' Allowances Rules require that as soon as this has been determined the scheme must be available for publication and a further notice should appear in a newspaper advising that a scheme has been adopted and describes the features of that scheme with regard to the Independent Panel's recommendations.
- 2.10 Carers' Allowance - The new Regulations provide for a new child care and dependent carers allowance. The Regulations provided that this allowance should be made available to elected members of the Authority and it is up to the Council to recommend a level. The Independent Panel suggest a carers scheme on the rate of £4.50 per hour and propose a maximum budget of £7,500 per annum. The Local Democracy Working Party are supportive of the Independent Panel's recommendation that this should be introduced so as to encourage those with dependents to become Councillors. The total cost of £7,500 can be met from the existing training budget.
- 2.11 Travel and Subsistence Allowances and Pensions - The Independent Panel have not made recommendations in relation to travel and subsistence or pensions as these matters are currently out for consultation by Government and it is understood Regulations may be made later in the year. As and when those Regulations appear, the Independent Panel will need to review their findings as, indeed, they will on an annual basis. The Independent Panel therefore propose that the existing travel and subsistence arrangements remain as they are for the time being and it is recommended to Council that this guidance is adopted.

3. Finance and Staffing Implications

Budgetary provision for members' allowances has been made in the forthcoming year. If the Council accepts the report of the Independent Panel,

as amended by this report, the total expenditure on members' allowances increases from £745,000 to £761,450. This represents a 2.2% increase on the current year's budget and does not require additional provision to be made other than that contained in the estimates used in the budget process. The 2.2% increase is a worst case scenario as the reality is that members only take one special responsibility allowance, where they may qualify for two. Typically and especially in a situation where there is no overall control of the Council the special responsibility allowance budget remains unspent. It is therefore likely that the new budget provision may not be wholly spent in the new municipal year.

4. Equal Opportunity Implications

The Independent Panel's report clearly takes into account equality of opportunity, the desire to broaden backgrounds from which Councillors are drawn and encourage diversity of representation.

5. Local Agenda 21 Implications

None.

6. Other Implications

None.

7. Local Member Support Implications

This report affects all members.

8. Background Papers

None, other than the documents attached to this report.

9. Recommendations

It is recommended

- (1) That the report of the Independent Panel on members' allowances be accepted.
- (2) That having regard to the recommendations of the Independent Panel, the revised scheme of members' allowances as set out in this report be adopted.

- (3) That the members of the Independent Panel be thanked for their hard work and consideration of this matter.
- (4) That the Borough Solicitor and Secretary make all necessary arrangements to publicise the Independent Panel's report and subsequent Members' Allowances Scheme in accordance with the appropriate regulations.

JOHNANNA MILLER

Borough Solicitor and Secretary

JEM/LW.
8 March 2002

REPMEMBERSALLOWANCES2002

APPENDIX 1

WIRRAL METROPOLITAN BOROUGH COUNCIL

FINAL REPORT OF THE INDEPENDENT PANEL ON MEMBERS' ALLOWANCES

FINAL REPORT - February 2002

Introduction.

1. The Local Government Act 2000 provides for reforms to the regime of allowances for elected members, in particular for the establishment and maintenance of independent remuneration panels, the abolition of attendance allowances, the provision of pensions to elected members and the local determination of travel allowances. These pension issues, (which have been raised with us by a Councillor) are currently out for consultation and are not matters for the Panel to consider at this stage.
2. A Panel reported in July 1999 and recommended that Wirral should move to a median position in at least two stages with an immediate increase in the Member Services Budget to £440k. It was further recommended that Wirral should undertake a detailed bench marking exercise covering all member support services, not just allowances. This took place in June 2000 and the budget was increased to £745k. In our report we have taken into consideration the excellent work of the original Panel and subsequent bench marking exercise. We make recommendations which would not increase the budget requirement beyond the previous second stage uplift to £745k. We are conscious that the majority of independent panels are meeting at around this time to consider allowances in the context of Executive Arrangements. We look forward to considering the benchmarking material that should be available on a national basis, when we come to review the 2002-03 scheme in 12 months time.
3. We have been made aware of the published material from national bodies and other councils similar to Wirral Metropolitan Borough Council concerning remuneration of councillors including independent studies undertaken for other authorities. Evidence from bench marking with the non-elected public sector has provided some useful comparisons on remuneration, role and responsibility levels. We have taken into account that the reasons for having a scheme of members' allowances is to seek to ensure that personal financial constraints are not a bar to holding office, and to recompense members for the work they do as councillors. We have also taken into account the guidance issued by the DETR in April 2001.

4. The Independent Panel comprised:

The Right Rev. David Urquhart, Bishop of Birkenhead (Chair)
Nunzia Bertali, Italian Consul
Pauline Brown, Business Adviser - Human Resources, British Printing
Industries Federation
Dr Gerry Hare, Works Director, Unilever Faberge
Don Latham, Private Local Government Consultant

Johanna Miller, Borough Solicitor and Secretary, supported the Panel throughout the review. We would like to record our thanks to her together with the Leader of the Council Steve Foulkes, Leader of the Conservative Group - John Hale, and Leader of the Liberal Democrat Group - Stuart Kelly, who offered personal evidence in response to our questions.

Summary of findings.

5. The Panel's recommendations are as follows:
- That the basic allowance be set at £8,700 per annum (currently £7,500)
 - That a revised and restricted range of special responsibility allowances (SRAs) be introduced as set out in paragraph 18.
 - That the Council gives urgent attention to the introduction of a caring allowance.
 - That the Council take urgent action to introduce an assessment/appraisal system

General Commentary and Findings.

6. The panel was made aware that some other panels have recommended the introduction of appraisal and even the withholding of part of the basic should attendance and performance be below expectation. We make no such recommendation but wish to emphasise that the more adequate remuneration of councillors needs to be accompanied by an approach in which competency is clearly encouraged as a basic principle and taken into account in appointments to particular posts. There needs to be an environment in which members recognise the need to review and appraise their performance. This is part of the wider accountability of local government. Adequate recompense for the work demands an open and professional approach to the task.

Basic allowance.

7. The Panel was influenced by work undertaken by other panels eg. the Association of London Government. 'A move to a cabinet model and away from committee attendance has the capacity to reduce a back bencher's time commitment by 40%.' The report also proposes that there should be a significant voluntary element. The Panel having considered the options decided that the remuneration scheme should reflect no more than 45 hours effective work per month. (Approximately 6 days) We have taken the Local Government Association's daily rate of £116.50 as recommended in February 2002. This figure represents the national median male white-collar daily wage. We then calculated as follows: -

$$£ 116.50 \div 7.4 \text{ hours} \times 45 \text{ hours} \times 12 \text{ months} = £8,500$$

8. Allowances are subject to income tax. However, as the basic allowance is intended to recognise the time devoted by councillors to their work, some incidental costs (e.g. use of their homes and private telephone) may be deducted from the allowance received in calculating how much of the allowance is taxable. This would be subject to the agreement of the Inland Revenue. Expenses can be offset against tax liability if it can be shown they have been wholly, exclusively, and necessarily, incurred in the performance of duties.

9. We were made aware of the issue of costs in undertaking the role of a member. These costs are meant to be covered by the basic allowance and some councils identify a sum within basic allowance to cover such costs. We recommend that a sum of £200 be added to recognise the expense element of the allowance making a total basic allowance of £8,700.

Special Responsibility Allowances.

10. The most important first step is setting allowances for the Leader. Although not requiring professional qualifications, the range of skills required is considerable and we have proposed an allowance equivalent to 250% the basic allowance ie £21,750. We propose an allowance of £10,875 (50% Leader) for the Deputy Leader.

11. The Panel is recommending that the eight cabinet members other than the Leader and Deputy should have an SRA equal to the basic allowance ie £8,700. We are of the view that all Cabinet members should receive the same level of allowance.

12. We believe the Scrutiny role is a key to the success of the new structure and process and we have recognised this in our proposals with a recommended allowance for Chairs of Select Committees of £2,610 (30% basic) . The role of the opposition is key to an open democratic process, not least in terms of the scrutiny role and we have proposed an allowance for the opposition leader of - £13,050 (150% basic) and £8,700 (basic) for the Leader of the second largest opposition group .We recommend that the Deputy Group Leaders should get allowances equal to 50% of their Leaders, i.e. £6,525 and £4,350 respectively. We recognise that Deputy Group Leaders may be carrying out functions, e.g. as Scrutiny Chairs. As we state in paragraph 19 of our report, we expect the existing practice of claiming only one allowance to continue.

13. We recommend that there should now be a differential between the Chairs of the Regulatory Committees and propose £4,350 (50% basic) for the Chair of Planning and £2,610 (30% basic) for the Chair of Licensing.

14. Under new regulations, currently out for consultation, the Government is proposing to allow various Joint Boards to introduce their own scheme of allowances. We have, in the meantime, made a recommendation of an SRA of £2,610 (30% basic) for the Chair of the Pensions Committee. An allowance of £870 (10% basic) is proposed for the Chair of Standards Board.

15. The Panel wishes to endorse the importance of the area structure and the work of Area Forums. We have not made recommendations at this time in relation to SRA's for Area Forum Chairs and would wish to review the situation next year. The significantly enhanced basic allowance covers the fact that every member will have something 'special' to do e.g. being a spokesperson, planning member or a licensing member. Being Chair of an Area Forum could simply be another of those 'special' tasks for which a SRA is not paid.

16. We are not proposing payments to Vice-Chairs or Party Spokespersons, as we believe SRA's should be restricted to the minimum number of councillors. This approach is endorsed by the recently issued DETR guidance which recommends that SRA' should only be paid to members who undertake **'significant additional responsibilities.'** Wirral's current members' allowances scheme provides for SRA's to be paid to 52 out of 66 members. Whilst Regulations do not limit the number of SRA's to be paid we believe this is far too many, and have significantly reduced the number of SRA's in our proposals. We are mindful of DETR guidance, and the report by the Welsh Assembly to Welsh Local Authorities which recommended payment of SRA's to no more than 20 in number or one third of a Council's membership.

17. We have considered the ‘Hung Council’ possibility and believe that our proposals will translate to a NOC position as it depends whether a single or multi-party cabinet is formed. We have considered representations to us which suggest lessening the differential between the Leader of the Council and Opposition Group Leaders in the event of a Hung Council. We are not persuaded by these representations. We believe that the SRA’s we have suggested for Opposition Leaders, which either equal or exceed Cabinet members SRA’s are appropriate. We further believe that the person whose task becomes the most onerous in a no overall control situation is that of the Leader, and the Leader of the Council has a specific set of responsibilities which are his/hers alone. We therefore believe that the differential should remain.

18. Twenty-four SRA’s are recommended which represents 36% of the Council. We strongly recommend that this should be the extent of the list. The full list of recommended allowances is as follows:

	Cost £	Individual allowance £
Basic Allowance (£8700 x 66)	574200	8700
Leader (£8700 basic x 250%)	21750	21750
Deputy Leader (£21750 Leader x 50%)	10875	10875
Cabinet Members (£8700 basic x 8 members)	69600	8700
Chairs of Select Committees (£8700 basic x 30% x 6 members)	15660	2610
Chair of Regulatory Board - Planning (£8700 basic x 50%)	4350	4350
Chair of Regulatory Board -Licensing (£8700 basic x 30%)	2610	2610
Leader of the largest opposition group (£8700 basic x 150%)	13050	13050
Deputy Leader - largest opposition group (£13050 x 50%)	6525	6525

Leader of the second largest opposition (£8700 basic)	8700	8700
Deputy Leader - second largest opposition	4350	4350
Chair of Pensions Committee (£8700 basic x 30%)	2610	2610
Chair of Standards Board (£8700 basic x 10%)	870	870
Care allowance, say	7500	7500

Total expenditure £742650

19. The Panel recommends, in line with current practice, that an individual councillor is restricted from claiming more than one allowance. Under our scheme the Leader would receive:

	£
Leader's allowance	21750
Basic allowance	8700
	<u>£30450</u>

We believe this would provide proper recompense for the Leader of a significant Metropolitan Borough Council with a population of 330,000 and gross budget of £445 million. Members of the Cabinet would receive £17,400. The table below shows existing and proposed allowances.

ALLOWANCE	EXISTING £	PROPOSED £
Basic Allowance - to all 66 Councillors	7,500	8,700
Leader's Special Responsibility Allowance	16,000	21,750
Leader of largest opposition group	10,000	13,050
Leader of second largest opposition group	6,000	8,700

Deputy Leader of Council (currently Labour)	8,000	10,875
Deputy Leader of largest opposition group	6,000	6,525
Deputy Leader of second largest opposition group	4,000	4,350
Cabinet Member	4,000/2,000	8,700
Chairs of Select Committee	2,000	2,610
Vice Chairs of Select Committee	2,000/1,000	0
Chair of Planning	4,000	4,350
Vice Chair of Planning	2,000	0
Chair of Licensing, Health and Safety and GP	2,000	2,610
Chair of Standards	2,000	870
Chair of Pensions	2,000	2,610

Implementation and costs

20. As we have updated the daily rate figure to the latest available (see paragraph 7), we have not made any recommendations about inflation for this coming year, and our proposals can be contained within the existing Members Allowances' budget.

Updating

21. It would be good practice in a new scheme to agree how the allowances will be updated. The Panel 's recommendations are based on the median white-collar wage, as notified by the LGA in February 2002. This figure is updated annually, and as these figures are increased then so should the allowances based upon those figures.

Support services for members.

22. Although not a main subject of our report, the Panel has noted the level of member support services. We endorse the work of the Council in providing computing facilities for E-mail etc. and we also noted the action being taken to provide a personal development and training programme for members, and especially those who have taken on key roles in the new structure. The Panel

was made aware that the Council has adopted the Improvement and Development Agency charter for member development and that appropriate budget provision has been made for training.

Travel and subsistence.

23. We understand that in the past these have been fixed by the Secretary of State and reviewed from time to time but that the Government is currently consulting on a proposal to devolve responsibility to each local authority. The Panel could in future have a significant role in making recommendations on travel and subsistence to the Council. In the meantime we recommend that the existing travel and telephone payments should continue.

Conference Attendance.

24. Payment in respect of attendance at conferences remains under the separate system instituted by Section 175 of the Local Government and Housing Act 1989. The Government is proposing that such payments should cease. In the meantime we have noted the procedures adopted by the Council to authorise and control such costs and recommend they should be part of a continuous review of 'approved duties'.

Caring Allowance.

25. The Panel strongly recommends the introduction of a caring allowance. This is in accord with 'best practice' and provides practical evidence that the Council does not wish to preclude anyone from membership. The administration of the scheme should be kept as simple as possible so that members are not dissuaded from making appropriate claims.

26. It is recommended that the Carers' allowance be based on the model used by some other authorities which provides for an allowance of up to £4.50 per hour, ie. actual expenditure incurred up to a maximum of £4.50 per hour to be paid for care of dependants whether children, elderly people or people with disabilities, while the member is on council business. (The allowance is not payable to a member of the claimant's own household.) The Carer's expenses are also claimable.

Renunciation.

27. The Panel noted that a councillor may, by notice in writing, elect to forgo any part of his/her entitlement to an allowance. Allowances paid, or available to councillors on income related benefits are offset against benefits received.

Review.

28. The Panel recognise the need to monitor and evaluate the new scheme. We believe records of attendance, for example, should be reported by the Borough Solicitor and Secretary at regular intervals to the Standards Committee. Is less time being spent in meetings? Is there more involvement with the community? Has greater diversity in Council membership been achieved? Is decision making more effective, transparent etc. etc? We believe that the Council should take immediate action to introduce assessment and appraisal of members, and suggest that this matter be considered by the relevant Select Committee or other forum the Council considers appropriate. We look forward to hearing what progress has been made in this matter at our next review.

29. Our proposals represent a significant shift from SRAs to a higher basic allowance which we believe represents 'best practice.' The Association of London Government (ALG) report stated that to have more than one third of members with a SRA would be top heavy. The original Welsh Assembly report for the Welsh Unitary authorities was more explicit and recommended a maximum of one third or 20 whichever was the lower. We have recommended 24 (36%).

30. The AL G report proposed that there should be a significant voluntary element (say 20 hours a month) and that 'a remuneration scheme should seek to reflect no more than 40 hours effective work per month.' The Panel, having used 45 hours, is concerned that priority should be given to reducing the workload and in particular the time spent at committee meetings. Unless this happens it is most unlikely, in our view, that a greater diversity of representation (including younger members) will be achieved. This may require streamlining the Committee process and greater delegation to officers. Put simply the Panel would expect the workload to be reduced rather than the allowances continuously increased, other than for inflation.

The Right Rev. David Urquhart, Bishop of Birkenhead (Chair)

Nuzia Bertali

Pauline Brown

Gerry Hare

Don Latham (Consultant)

APPENDIX 2

METRPOPOLITAN BOROUGH OF WIRRAL

INDEPENDENT REMUNERATION PANEL

NOTICE is given that Wirral Borough Council has received recommendations from an Independent Remuneration Panel about the Scheme of Allowances which it recommends should be paid to the elected members of the Council. Copies of the report are available for inspection at the Town Hall, Brighton Street, Wallasey, between the hours of 9.00 a.m. and 5.00 p.m., Monday to Friday, and also appear on the Council's website at www.wirral.gov.uk. The Panel's recommendations are set out as follows:-

	Cost £	Individual allowance £
Basic Allowance (£8700 x 66 members)	574200	8700
Leader (£8700 basic x 250%)	21750	21750
Deputy Leader (£21750 Leader x 50%)	10875	10875
Cabinet Members (£8700 basic x 8 members)	69600	8700
Chairs of Select Committees (£8700 basic x 30% x 6 members)	15660	2610
Chair of Regulatory Board - Planning (£8700 basic x 50%)	4350	4350
Chair of Regulatory Board - Licensing (£8700 basic x 30%)	2610	2610

Leader of the largest opposition group (£8700 basic x 150%)	13050	13050
Deputy Leader - largest opposition group (£13050 x 50%)	6525	6525
Leader of the second largest opposition (£8700 basic)	8700	8700
Deputy Leader - second largest opposition	4350	4350
Chair of Pensions Committee (£8700 basic x 30%)	2610	2610
Chair of Standards Board (£8700 basic x 10%)	870	870
Care allowance, say	7500	7500

Total expenditure £742650

The report of the Independent Panel will be considered by the Council on 19 March when a Members' Allowances Scheme will be adopted.

JOHANNA MILLER

Borough Solicitor
and Secretary

8 March 2002

Town Hall
Wallasey.