

WIRRAL METROPOLITAN BOROUGH COUNCIL

REPORT OF THE INDEPENDENT PANEL ON MEMBERS' ALLOWANCES 27 September 2011

Introduction

1. The Panel last reported in December 2007. No further review of the Scheme has been carried out since then. There is a requirement to review the Scheme of Members' Allowances after four years, which would be in 2012. In the light of this the Panel considered that only essential changes should be made prior to the full review taking place next year.
2. However in the past two years the climate surrounding the payment of allowances to elected members has changed and we are now in a period of austerity. Members are aware of this and some have personally elected to take a 5% reduction in basic and special responsibility allowances (SRAs). Other members have also expressed their willingness to play their part so long as the Independent Panel advise the Council on the best way forward.
3. We compared the current Scheme with other Merseyside and Cheshire Local Authorities and considered the findings of the National Census of Local Authority Councillors - 2008. In particular we noted that Councillors spend an average of 22 hours per week on Council business and that this was consistent with surveys previously undertaken in both 2004 and 2006. The Panel has also taken into account the requirements of Government Regulations on Members' Allowances.
4. The Independent Panel comprised:

Don Latham, Private Local Government Consultant (Chairman)
Dr. Nunzia Bertali, Italian Consul
Pauline Brown, Eclipse Executive Ltd
Ray Allan, non-practising solicitor – formerly 174 Law Solicitors
5. Surjit Tour, Head of Legal and Member Services and Shirley Hudspeth, Democratic Services Manager, supported the Panel throughout the review. We would like to record our thanks to them together with the Leader of the Council - Councillor Steve Foulkes, Leader of the Liberal Democrat Group - Councillor Tom Harney, and Leader of the Conservative Group - Councillor Jeff Green, who offered personal evidence in response to our questions. Written representations were also received from Councillors Adrian Jones and Patricia Williams.

Summary of recommendations

6. The Panel's recommendations are as follows:
- That in order to achieve a 5% reduction in allowances the basic allowance be reduced from £9,171 to £8,700 (Para 8).
 - That no change be made in the basis of calculation of SRAs until a full review takes place in 2012 (Para 10).
 - That members should continue to be restricted to one SRA (Para 11).
 - That no change be made in the allowances paid to the Mayor (£10,700) and Deputy Mayor (£1,500) until a full review takes place next year (Para 15).
 - That in future the scheme of allowances be updated for inflation by the use of the NJC increase applied to staff pay (Para 16).

General Commentary and Findings

7. The Panel adopt the approach that a realistic basic allowance is fundamental to a sound scheme of allowances. We still believe that this represents 'best practice.' There is now an increasing focus on Councillors as community leaders and the Census findings show that Councillors are dedicated and devote a great deal of their own time to serving their community. Members have to work in a rapidly changing context of economic and social pressures along with increasing levels of public expectation and scrutiny. In different circumstances a case could be made for increasing the basic allowance and the Panel would wish to review this next year when a full review is undertaken.

Basic allowance

8. Having reviewed alternative ways of making the proposed saving of 5% (Total budget including SRAs £900,000 – saving £45,000) the Panel is of the view that the only transparent way of doing this is to reduce the basic allowance from £9,171 to £8,700. We were informed that members of the Conservative and Liberal Democrat Groups have already volunteered to make this change.

Special Responsibility Allowances

9. The Panel has not undertaken an in depth review. Nevertheless a comparative exercise has taken place and we believe that the current Scheme is still soundly based and that SRAs are set at a minimum but realistic level. We believe that SRA's should be restricted to the minimum number of Councillors. The Government regulations are not explicit but the intention is clear that only a minority of members should be expected to receive an SRA. Currently the Council scheme provides for 31 (47%).

10. We recommend, in line with good practice, that the use of the basic allowance as a multiplier for SRA calculations should continue and we consider that SRAs are currently set at an appropriate level. But the Council could consider streamlining the process of governance and reducing the number of SRAs as an alternative to reducing the basic allowance. As this has not been suggested by the Council at this time we do not recommend changes to SRAs prior to a full review to taking place next year. We believe in the meantime that a 5% reduction in the basic allowance is the best way to achieve the saving. The reduction of the basic allowance would automatically have the effect of reducing SRAs by 5 %.
11. The Panel recommends, in line with current practice, that an individual Councillor is restricted from claiming more than one allowance.

Other Bodies

12. The Panel is aware that a number of members also receive allowances through representing the Council on other organisations such as Mersey Transport, Police, Fire and Waste Disposal Authorities. All Leaders agree that it is vital that the 'best' members are selected to undertake these important representative roles which are allocated on a politically proportionate basis. They can result in a few members receiving high value allowances from two organisations. These roles require significant time and additional responsibilities. We believe it is a matter for the political Group Leaders to select the most appropriate members for these key roles in terms of representing the people of Wirral. The allowances paid by these organisations are a matter for these external bodies to determine.
13. The Labour Group has introduced a protocol that if one of their members receives an SRA from an external body that the member should forgo any SRA that might be available to them for work undertaken for Wirral MBC. Such a protocol cannot be legally enforced on any group or member but we did ask other Leaders to consider the possibility of this becoming an across the board gesture. It would nevertheless not make a significant contribution to the savings target.
14. We did examine alternative ways of making savings by introducing a higher level of reduction on those receiving SRAs and some form of financial banding so that members who only get a basic allowance did not suffer disproportionately. We looked at the prospect of some members deciding to voluntarily forgo their SRAs or that SRAs should be reduced by more than 5%. The basic allowance has to be a set amount payable to every Councillor. This is prescribed by the Government Regulations. We discounted other ways of making the savings because they would be complex and difficult to administer. The advantages of the current scheme is simplicity, clarity and transparency. We believe

that any reductions should be made in a way that maintains these principles.

Mayoral Allowance

15. The Mayor and Deputy Mayors allowances are currently outside the scheme. We do not recommend a change in the allowances paid to the Mayor (£10,700) and Deputy Mayor (£1,500) until a full review of the scheme takes place in 2012.

Updating

16. The LGA daily rate was used previously to update the allowances for inflation. The Association has decided to withdraw this advice so the Panel recommends in future that the scheme of allowances be updated for inflation by the use of the NJC increase applied to staff pay. Accordingly there would be no increase in the basic allowance for 2011/12.