



WEST LANCASHIRE BOROUGH COUNCIL

**REPORT OF THE INDEPENDENT REMUNERATION PANEL
ON MEMBERS' ALLOWANCES**

22 DECEMBER 2015

REPORT OF THE INDEPENDENT REMUNERATION PANEL

REVIEW OF MEMBERS' ALLOWANCES FOR WEST LANCASHIRE BOROUGH COUNCIL – 2016/17

1. Membership

1.1 The Local Government Act 2000 requires local authorities to establish an Independent Remuneration Panel to review and report to the Council on the Members' Allowances Scheme. Following public advertisement and interview we are the current members of the Panel.

1.2 We are: -

- 1 Gail Stanley – Resident of Ormskirk (Chairman of the Panel);
- 2 Jeremy Boardman - HR Business Partner of Burscough; and
- 3 Ian Thompson - retired former police officer now working in the charity sector of Aughton.

1.3 We have been assisted in our deliberations by an external local government consultant, Mike Dudfield.

2. Panel's Terms of Reference

2.1 The Council set us the following terms of reference:

- 1 To make recommendations to the Council as to the amount of basic allowance which should be payable to elected members.
- 2 To make recommendations to the Council about the roles and responsibilities for which a special responsibility allowance should be payable and the amount of each such allowance.
- 3 To make recommendations as to whether the Council's allowances scheme should include an allowance in respect of the expenses of arranging for the care of children and dependents and, if it does make such a recommendation, the amount of this allowance and the means by which it is determined.
- 4 To apply Best Value principles in relation to the allowances under consideration.

3. Legislative Position

- 3.1 The local government legislation requires a full review of Members' allowances to be undertaken at least every four years. This is the fourth year since we last undertook a full review and this report follows a review of all aspects of the current Scheme of Allowances.

4. Background

- 4.1 To understand the approach that we have adopted towards this review, it is necessary to summarise how the Members' Allowances Scheme has evolved since 2000. Allowances had been set by the Council but statutory Independent Remuneration Panels were not established until 2002. Some Councils had Panels earlier than that but they didn't operate under any statutory authority.
- 4.2 Panels were established under the Local Government Act 2000 which also introduced the Executive forms of Council Administration. These also commenced in 2002. West Lancashire decided to establish a Shadow Executive in 2000. The Council also appointed a firm of local government consultants, Don Latham Associates, to assess the changes to Members' responsibilities that flowed from the 2000 Act and the new manner in which the Council decision-making process would operate.
- 4.3 The consultants reported in March 2000 and recommended a system of allowances based on a new Basic Allowance and a multiplier of that allowance for each post in the Council which attracted a Special Responsibility Allowance. The Council accepted the consultants' recommendations and a Basic Allowance of £4,725 was set for 2001/02. The recommendation also included an inflationary uplift in succeeding years.
- 4.4 When the Panel was first established in 2002 year, we were aware of the consultants' report. The work that the Panel did at the time suggested that the conclusions reached by the consultants as to the changes in Members' workloads were, in the main, accurate. The Panel was aware that the Basic Allowance was the highest of all the Shire District Councils in Lancashire but, from the information received from Councillors, the Panel believed that the Allowance was a fair one considering the amount of time that Members gave to undertaking their roles as a Councillor, with a discount for the voluntary nature of the roles. The Panel therefore recommended a Basic Allowance of £5,040 for 2002/03 and the continued application of the multiplier principle for SRAs.
- 4.5 Whilst more work was subsequently undertaken by the Panel in the following years, the Panel's recommendations from year to year did not change the level of the Basic Allowance. The Council, however, decided that a reduction was appropriate and the figure was reduced to £4,610 during 2002/03. With inflationary increases the figure now stands at £4,842 for the current year,

although inflationary increases have not been applied by the Council in the most recent years.

- 4.6 In undertaking this year's full review we have had two meetings with Councillors, one with long-serving Members so that we could compare the workload in 2002 with that at present, and the second with Members of the current Cabinet and the previous one, to review the levels of SRAs. We would like to extend our appreciation to Councillors Aldridge, Ashcroft, Bell, Blake, Delaney, Dowling, Gagen, Kay, Mee, Moran, O'Toole, Owens, Patterson, Pendleton, Westley, Whittington and Wilkie for giving us their time and for their contributions which were extremely useful to us.
- 4.7 We have also considered
- the correspondence received from Councillor Owens earlier in the year promoting the concept of the Basic Allowance being an average of the Basic Allowances approved by Lancashire Shire Districts for 2014/15
 - the current Basic and Special Responsibility Allowances paid by those authorities
 - the report of the allowances review undertaken earlier this year by South Ribble Borough Council's Independent Remuneration Panel.

5. Basic Allowance

- 5.1 The long serving Members told us that, whilst the level of work associated with their roles had not changed, the manner in which that work arose has substantially changed. Digital technology, in particular in communication, meant the ability for immediate contact and instant solutions and this had increased the pressure that could be placed on Members. The Council now used email far more for distribution of information to Members. The number of formal meetings had reduced but there had been an increase in the number of briefings and training sessions although these were not always attended by as many Members as perhaps there should be as they were not mandatory. We were concerned to hear this. Whilst we appreciate that Members will not always be available to attend such sessions we feel that the public would expect that all Councillors see the need and advantage of attending such events as part of their basic responsibilities as a councillor. The general feeling of Members was that the Basic Allowance was about right.
- 5.2 As we have already said, the initial view taken by the Panel was to continue with the principles used for the level set in the Latham report. We have highlighted from time to time the fact that the Basic Allowance is the highest in the Lancashire Shire Districts although the current average is now £3,756 following South Ribble Council's decision to increase its Basic Allowance from £1,800 to £4,378. We do not know if there are specific reasons why other authorities have the levels that they do but we have considered the variety in population levels (from 57,100 to 140,200 (2011 Census)) and the number of Councillors (from 35

to 60). None of these or the statistics that flow from any sort of comparative exercise lead to any form of justifiable conclusion as to the level of allowance that should be paid.

- 5.3 The principle for the introduction of a Basic Allowance was to recognise the work undertaken by Councillors in all their roles, rather than just attendance at meetings, which had been the previous regime. Whilst it is easy to measure attendance at meetings, we can understand that many members of the public do not appreciate the extent of time that Members do spend outside the meeting rooms. When this change took place, the guidance from the then Local Government Associations was that the allowance was not intended to be an income but was designed to ensure that Councillors did not suffer financial hardship as a consequence of becoming a Councillor. This protects the ability for a cross-section of the public to apply for office as a councillor. In our earlier years the Panel compared other public sector payment schemes and discounted figures to reflect the voluntary nature of the position whilst maintaining the protection of those who would suffer financial hardship. These calculations endorsed the figure arrived at by Don Latham.
- 5.4 Local government is currently in a transitional period where, potentially, there could be substantial change. In the meantime, it is still in a period of austerity and services are having to contract. The Panel does not consider political matters in reaching its conclusions but we have to take into account the fact that many people in the local community are having to deal with the effects of this contraction. We are appointed as a public watchdog and have to take this into consideration. With that in mind we recommend that, for 2016/17, the Basic Allowance should remain at £4,842. In addition we recommend that the application of an inflationary increase be discontinued. We feel that the figure should be fixed for four years with the right for the Council, in any year, to request the Panel to consider an increase. The Panel would expect specific reasons to be put forward in support of such a request.

6. Special Responsibility Allowances

- 6.1 Since the acceptance of the Don Latham report, SRAs have been calculated as a percentage of the Basic Allowance and we feel that principle should be continued.

Cabinet

- 6.2 The Cabinet comprises the Leader of the Council, Deputy Leader, and 6 Cabinet Members. The appointment of Leader is made by the Council. The Deputy Leader and Cabinet Members are appointed by the Leader. The individual portfolios, and their specific remits, are allocated to each Member on the Cabinet by the Leader. The current Scheme provides for payments of 250% for the Leader, 150% for the Deputy Leader, and between 75% and 100% for the Cabinet Members depending on the number of persons appointed. For 6 persons the

- provision is for 100%.
- 6.3 Whilst the Leader and Deputy Leader were content with their allocations, there was some concern that the levels didn't accurately reflect the level of responsibility held by these two posts and should be higher. The Cabinet Members were generally content with their allocations but comments were made about the differing levels of work and consequent responsibilities between the portfolio areas. This largely depended on current issues.
- 6.4 The allowances paid in the other Lancashire Shire Districts vary considerably (from £21,380 to £6,000 for Leader and £10,690 to £1,500 for Deputy Leader). Some of those figures are misleading as some authorities restrict the right of Councillors to receive only one SRA regardless of the number of posts held whereas others do not have such a restriction. As with the Basic Allowance, it has not been possible to undertake a sensible comparative exercise but we feel that the figures do suggest that the amount of time inputted and the responsibilities carried by the Leader and Deputy Leader are appropriately reflected in the current percentages.
- 6.5 As to the Cabinet Members, the variation in portfolio remits are entirely a matter for the Leader. We do not see how a system could be devised to properly assess each individual portfolio at any one time given the variation in pressures in different areas. Any attempt to do so would result in a Scheme that would have to require re-assessment each time there was any change in a portfolio area or an amendment made by the Leader on the remit on any one portfolio. That is not practical and we believe that all Cabinet Members should receive the same level of allowance - it is for the Leader to seek to ensure that the allocation of work is fair and appropriate between different portfolios.
- 6.6 When the current Scheme was originally established, it was felt by the Panel that there was an overall body of work to be undertaken by the Cabinet and this was assessed as being equivalent to 600% to be divided between the Cabinet Members. This Council is the only authority in Lancashire that has a differential payment in its Scheme and we believe that the changes in the local government landscape make it impossible to maintain the sort of assessment we originally undertook. We are therefore recommending that Cabinet Members (other than the Leader and Deputy, see above) should receive an SRA of 100%.

Opposition Leader & Deputy Leader

- 6.7 The views of the Members were mixed in relation to the appropriateness of this allowance and the responsibility that the positions carry. All Lancashire Districts make a payment to an Opposition Leader varying from £8,856 to £1,350. Two Districts make payments of a lump sum per Group Member for each Opposition Group. In those cases Groups are defined by a minimum number of Members.

- 6.8 We feel that it is important for democracy that an Opposition is organised and has appropriate recognition within the Council. Members felt that the Opposition Leader & Deputy do not receive the same level of Officer support as the Cabinet and Committee Chairmen, however the Panel acknowledged the responsibility that the Members concerned have to ensure proper scrutiny of Council and Cabinet decision-making by the Opposition.
- 6.9 The current percentages for these positions are 70% and 35% respectively and, by comparison with the percentages of the Cabinet Members, we believe these are appropriate for the responsibilities concerned.

Committee Chairman

- 6.10 The views of the Members were that the current percentages fairly reflected the respective levels of responsibility attached to each of these posts. It is important to recognise that these responsibilities are to the Council and not the Cabinet as the functions undertaken are not executive functions.

Planning

- 6.11 The current Chairman did not feel that his allowance should be any higher than the other Chairmen although his assessment was questioned by other Members. The Council's planning function is probably the one function above all others that most residents have dealings with. Invariably planning matters can be sensitive and raise emotional concerns and the Chairman is required not only to ensure proper governance of the working of the Committee but also appropriate consideration of the public view particularly when representations are being made by affected residents in public session. The level of the workload of this Committee is greater than the other Committees and we believe that the percentage should be higher than that received by the other Chairmen. We feel that 120% is an appropriate level.

Overview & Scrutiny, Licensing & Appeals and Licensing & Gambling Committee Chairmen

- 6.12 We have considered these together. Whilst the functions undertaken are very different, the level of workloads and the responsibilities carried by each Chairman are similar. The current percentage is 50% and we believe this reasonably reflects the level of the responsibilities concerned.

Audit and Governance Committee Chairman

- 6.13 Last year we were requested to consider the position of Audit and Governance Committee Chairman, which previously had received no SRA. The responsibilities attached to the Committee had increased substantially in recent years and we felt that the Chairman should receive an SRA of 50% as the level of

responsibility generally equated to that of the Chairmen referred to in the previous paragraph. The Council did not accept that recommendation when considering last year's report. We have considered the matter further and are of the same view as last year. The Members we interviewed did not demure from the principle of that post being worthy of an SRA. We therefore recommend that the Audit and Governance Committee Chairman should receive an SRA of 50%.

7. Other Allowances

- 7.1 The Council's Scheme also provides for allowances for Childcare and Dependent Carers and for Travelling and Subsistence. No representation has been received that the payments under these headings require review but we have, nevertheless, reviewed them and find no reason to recommend any changes.

8. Summary of Recommendations for 2016/17

We recommend that the Council's Scheme of Allowances for 2016/17 should be as follows -

Basic Allowance - £4,842, this figure to be fixed for four years and the present inflationary increase be discontinued. The Council to have the right to ask the Panel to consider an increase in any year and to give specific reasons for the request.

Special Responsibility Allowances -these to remain the same as the current allowances with the addition of an allowance for the Chairman of the Audit & Governance Committee of 50% and a change to the Cabinet members (other than the Leader and Deputy) to a uniform rate of SRA of 100%.

All other aspects of the current Scheme to remain the same.

Gail Stanley

Jeremy Boardman

Ian Thompson