

APPENDIX B

Stevenage Borough Council

Members' Allowances

Report of the Independent Panel

December 2011

The Members' Allowances scheme for Stevenage Borough Council was last reviewed in 2007. There is a statutory requirement for the scheme to be subject to independent review every four years. For this purpose an Independent Panel was convened in October 2011 by the Chief Executive.

Membership of the Panel

- ❖ **Stephen Hollingsworth MA FRSA, Management Consultant and Chair of the Corporation of North Hertfordshire College (Panel Chair)**
- ❖ **Nicholas Moss JP, Chair, Bedfordshire, Hertfordshire and Thames Valley Courts Board and independent chair, North Hertfordshire District Council Standards Committee**
- ❖ **Bill Welch ACIS, Former Corporate Director, Stevenage Borough Council**

Terms of Reference

To meet its statutory obligations, the Panel was invited by the Council to review payments made under the Members' Allowance Scheme (the scheme) and to make recommendations. Further prompts for this review were the recent changes to the Council's committee structure; and changes that provide greater discretionary powers to the Leader, adopted by the Council under the Local Government and Public Involvement in Health Act 2007.

In that context, the Panel's task has been to assess and make recommendations on the appropriateness of payments under the current scheme for:

Basic and Special Responsibility Allowances

The Panel was invited to consider the level of the basic and special responsibility allowances. In addition, it was invited to consider and to make recommendations on payments for two further member functions, which are not currently part of the scheme:

- ❖ The level of Mayor's and Deputy Mayor's Allowances.
- ❖ Whether the opposition party leader and/or the leader of the other minority party should receive a Special Responsibility Allowance; and, if so, at what level(s) should it/they be set?

Reimbursement of expenses

The Panel also considered the current arrangements for the reimbursement of expenses incurred by Members when carrying out Council activities.

Process of the Review

The Panel met on five occasions during October, November and December 2011. It was briefed by the Chief Executive Mr Nick Parry, the Deputy Chief Executive, Mr Scott Crudgington, the Borough Solicitor, Mr Paul Froggatt and the Constitutional Services Manager, Ms Jackie Cansick.

Ms Cansick has provided excellent support to the Panel throughout the process and we are grateful to her for providing additional information when requested. We have been appreciative, too, of the support from Ms Adele Adamson.

The Panel considered the comprehensive documentation provided by the Council, including legislative requirements, structures and terms of reference, meeting agendas and committee reports and minutes. The Panel were able to compare the Stevenage Borough Council (SBC) Scheme with data provided from a representative family of authorities, including all Hertfordshire borough/district Councils.

The Panel held semi-structured interviews with 14 Stevenage Councillors. They were representative of all political parties and all levels including the Leader of the Council. During the interviews we asked them about their degree of satisfaction with the existing arrangements. The Panel asked them also about their duties, responsibilities and the amount of time they spend on Council activities. We asked them about Special Responsibility Allowances and the significance, in their opinion, of the differentials between them, and we asked about the Mayor's allowance. The Panel also discussed the impact that being a Councillor had on their employment and their thoughts on the availability of pensions for Councillors.

In making its recommendations, the Panel took into account the long-established principle that all payments reflect a significant discount because of the voluntary element of the role of Councillor; and because the role cannot be considered as a conventional job. Our interviewees endorsed both points.

The Panel considered also the level of any individual personal responsibility held by Members, particularly by those with positions in addition to their roles as ward Members.

The findings and recommendations below represent the independent opinion of the Panel.

Findings

1. The Panel noted that Members had agreed a voluntary reduction of 5% to the Basic Allowance and that they had agreed also not to claim mileage allowance for attending meetings or undertaking their activities within Stevenage. The Panel believes this to be commendable.
2. From our discussions with Councillors the Panel was impressed by their commitment and the number of hours that they dedicate to Council activities.
3. The Panel noted that Executive Members, who were in regular employment, did not necessarily find it easy to maintain a job and fulfill their Council roles. Some had taken part-time work or

had developed a portfolio lifestyle to accommodate all their responsibilities. Others had retired from employment to enable them to meet their Council obligations.

4. Part of the rationale for allowances is to encourage people to become Councillors and to retain existing Councillors. From our interviews it became apparent that new Councillors were not necessarily attracted by the allowances since those to whom we spoke only found out about them after they were elected. For this incentive to be effective we felt that it should be publicised by the Council and by the political parties at the appropriate stages in the electoral process.
5. Some Councillors expressed concern about the level of some Special Responsibility Allowances (SRAs) relative to the amount of work or responsibility involved. Others were concerned about the process of appointment to posts attracting SRAs and the assessment of the performance of those receiving SRAs.
6. On performance assessment, the Panel recognises the legitimacy of appointing Councillors to posts to meet political requirements and that this is a matter for the Leader. However, since an effect of such appointments is to entitle the post-holder to an SRA the Panel feels that further action is required to maintain and to demonstrate equity of the scheme. Appropriate action would help to avoid any suggestions that appointments may be made other than on the grounds of appointees' competence.
7. The Panel noted from previous Independent Panel Reports that concerns were expressed about the number of SRAs as a proportion of the number of Councillors. Most of our recommendations have no impact on the recommended proportion. However, we recognise that in recommending an allowance for the Opposition Party Leader we are increasing that proportion slightly.
8. The Panel noted the eligibility of Members to join the Council's pension scheme. However, among those interviewed by the Panel – even those who had joined the scheme – it was not seen as a significant incentive to seek election, or re-election.

Recommendations

General

The Panel recommends that, when Members' allowances are published in future, the basic allowance and any special responsibility allowances are presented as consolidated figures. This format will make it clear to the electorate the total amount that has been paid to each member. Where Members have agreed to take a voluntary reduction in their basic allowances we recommend that the reduced amount is also made clear.

Basic Allowance

The Panel noted that the basic allowance payable to all Members of SBC is higher than that paid to Members of all other Hertfordshire boroughs/districts, except one. It is higher also than that paid to Members of similar sized authorities from further afield. Therefore, this review does not recommend a general increase in the basic allowance. However the Panel does recommend that the escalation provision in the existing scheme to be continued in future years, index linked to the NJC national salary awards for local government staff.

Special Responsibility Allowances

In making its recommendation for each of the following posts, the Panel notes that payments take into account the general practice in local government for most decisions to be collective rather than their being the direct personal responsibility of the post holder. The Panel noted that decision-making would be expected to be supported by advice from officers who would run greater personal risk from giving inaccurate or inadequate guidance. In addition, the Panel considered the risks, if any, to which post holders, as individual Executive members, were exposed. The Panel concluded that there were risks, but that they were reputational and not generally legal or financial.

Equally, the Panel considered the time commitment demanded of those positions for which SRAs are paid. Indeed, when discussing SRAs with the Councillors whom we interviewed, the time component was regarded by them as the key reason for the SRA.

Moreover, it was clear that Members take very seriously their Council responsibilities and the reputational consequences to themselves as Executive Members and to the Council for any poor decisions. Our recommendations seek to balance these factors: responsibility, time commitment and risk.

❖ The Leader

The Panel noted from our conversation with the Leader that her preference is to adopt a collegiate style of decision-making where she gains consensus rather than imposing her own views and ideas. The Panel also learned from our interviews that the Leader is regarded highly by her colleagues and her workload and effort are recognised by all Parties and levels. In the Panel's view, the Leader herself is modest about her contribution. She has made no suggestions about the level of the Leader's SRA.

The Panel was conscious that in recommending levels of payment for the Leader, its brief was to consider the role and not the current post-holder. We felt that, despite the Leader's preference for consensus, her powers and consequently her responsibilities had increased due to the changes in the legislation noted above. These enhancements relate to the Leader's new responsibility as detailed in the paper presented to the Council in December 2010, *Changing Governance Arrangements – New Form of Executive*. The Panel also noted from the comparison data from other authorities that, without an increase, the differential between the Leader's allowance and other SRAs is eroding. Therefore, to reflect the enhanced role of the post holder, the Panel recommends an increase to the Leader's SRA to £20,000.00 a year.

❖ **Executive Members**

Having considered the responsibilities and workload of these posts, the Panel recommends that this allowance should remain unchanged.

❖ **Chair of Licensing Committee/Chair of General Purposes Committee**

The arrangements for these two committees are unusual. There is a statutory requirement for a licensing Committee for the sale and supply of alcohol and connected purposes. This Committee operates under special constitutional rules prescribed in the Licensing Act 2003. As a result it cannot undertake other business, however similar, for the Council.

The Council also performs other licensing functions, which are delegated to the General Purposes Committee. As well as having other responsibilities, this Committee deals with all other licensing functions, taxi licensing being the most time consuming.

Stevenage Borough Council has decided that, because of the similarities in their responsibilities, these two committees should have the same membership and share the same Chair. In the Panel's view, this combined role attracts a significant SRA.

The Panel notes that the work of the Licensing Committee has reduced from its initially high level on the introduction of the Licensing Act 2003, but also takes into account that the role of these committees and particularly of the Chair is challenging and, at times, stressful therefore, the Panel recommends a reduction in the SRA.

As Stevenage Borough Council Members can receive only one SRA the Panel recommends that the General Purposes Committee Chair receives an SRA of £7,000.00, provided that he or she is also the Chair of the Licensing Committee. If these responsibilities are split in the future, this allowance will have to be reconsidered.

❖ **Chair of Planning and Development**

Having considered the duties and workload of this post the Panel recommends that this allowance should remain unchanged.

❖ **Chairs of Development and Scrutiny Committees**

The Panel's remit does not include consideration of the Council's Scrutiny structure. However it does have to consider whether the Chairs of the seven Scrutiny Committees receive payments commensurate with their responsibilities. From the evidence presented to the panel it did not consider that the payments could be justified for the following reasons:

- The responsibility for scrutiny is spread very thinly i.e. across seven committees.
- From the evidence considered by the Panel, some committees appear to have undertaken little work.
- The Committees have very little administrative support; this seems to indicate the level of importance ascribed by the Council to their function.

- By comparison with other Chairs of Scrutiny Committees and Scrutiny Topic Groups in Authorities within the family group, current allowances for Chairs of Development and Scrutiny Committees at SBC seem very high. In almost every Authority allowances for Scrutiny functions are much lower than for the Executive.

On the basis of current responsibility and activity we believe that the appropriate allowance for the posts, as they have been presented to us in evidence, should be reduced to £4000.00. However given the current transitional nature of these roles and on the basis of the Leader's clearly stated aspirations for them we are minded to recommend a temporary reduction to £6000.00. To justify a different recommendation we will need to be clear that these aspirations have been met and we therefore propose a review of this allowance in around a year's time.

❖ **Chair of Audit Committee**

The Panel recognised the value of the Audit function. However, it noted that the committee meets four times a year and, from the evidence presented, its activities appeared not to be extensive. Therefore, we conclude that we cannot justify the current payment, particularly when we take into account the significantly lower payments made to Audit Chairs in the County/Family Group. The Panel recommends that the Chair of Audit should receive £4000.00.

❖ **SBC "Lead" Member (Chair/Vice-Chair) Highways Joint Member Panel**

This function will cease to exist in March 2012 therefore we do not feel that there is any merit in making a recommendation.

❖ **Leader of the Opposition**

The Panel considered the various options available and the statutory basis for at least one member, not in the controlling group, to receive an allowance. There is a constitutional role for the Leader of the Opposition to fulfill on the Council and, for this reason, we recommend that the post should receive a SRA of £4000.00.

❖ **Independent Members – Non-Elected (appointed/co-opted) members for Standards and for Audit Committees**

The Panel noted that, under the Localism Act 2011, from 2012 there will no longer be a statutory requirement for Standards Committees or, therefore, a requirement for an independent chair of such a committee. However, it will be open to the Council to co-opt Members for standards matters. There will, though, be a statutory requirement for the Council to appoint a least one independent person who must be consulted by the Council on alleged breaches of a code of conduct.

The Panel noted that the Independent Member of the Audit Committee may expect to attend four meetings a year. In the absence of any further information the Panel recommends that any co-opted Members and the independent person should be paid the existing allowance of £1210.00. However, this may need review once arrangements in this allowance category become clearer.

❖ **Mayor**

From our interviews it appears that, fairly consistently, the Mayor undertakes 300-plus engagements a year as the Borough's first citizen and its ambassador. The Panel believes that this is a significant responsibility warranting proper acknowledgement. There was strong support to increase the allowance to recognise both the time involved and the role. We recommend setting the Mayor's Allowance at the same rate as an Executive Member. In addition, we recommend that the Mayor should continue to receive a clothing allowance at the existing rate of £1500.00, subject to the production of receipts.

❖ **Deputy Mayor**

In the absence of evidence to indicate any change in the responsibilities of this role, the Panel recommends that the existing allowances should remain unchanged.

Note

The Panel acknowledges that the current proportion of SRAs relative to the number of Councillors exceeds the recommended level. Thus, the Council may wish to adopt our recommendation with regard to level of allowances for the Mayor and Deputy, but to continue not to regard such payments as part of the scheme.

Other Allowances

Unlike the other components of the scheme, which are payments for activities that Members themselves undertake, allowances for *childcare*, *dependent care* and for *travel* and *subsistence* are to reimburse Members for money they have spent. The Panel recommends that:

- such payments are described in future as *reimbursements*, and not as *allowances* to make clear that eligibility to claim them arises only when cost has been incurred.
- receipts should be provided for all such claims made
- the amounts payable should be reviewed annually to ensure that they remain in line with an appropriate cost of living index.
- Childcare should be increased to £7.00 per hour
- Dependent Care should be increased to £11.00 per hour
- Childcare and Dependent Care reimbursements should be subject to a claimable maximum of 20 hours per month and in accordance with rules of the current scheme.

The Panel does not recommend any changes to the current rate of the mileage allowance. However, it notes that the current rates exceed the HMRC tax free threshold of 45p. Thus, Members are liable for tax on the excess, causing additional administration costs.

Pension

The Panel recommends that current arrangements should remain unchanged.

Implementation and Review

The Panel recommends that these changes should be implemented on April 1st 2012 and that any future variations, prior to the next statutory review, should be according to NJC national salary awards.

We confirm that the foregoing views are those of the members of the Independent Remuneration Panel. We commend our recommendations to the Council for its consideration.

Stephen Hollingsworth
Nicholas Moss
Bill Welch

Summary of Recommendations

Scheme recommended from April 1st 2012

Basic allowance –all Councillors		£7,124
Special Responsibility Allowances (SRAs)		
Scale 1	Leader of the Council	£20,000
Scale 2	Executive Members	£9,795
	Chair of Planning and Development	
	The Mayor	
Scale 3	Chair of Licensing	£7,000
Scale4	Deputy Mayor	£5,000
Scale 5	Chairs of Development and Scrutiny Committees(see note below)	£4,000
	Chair of Audit	
	Leader of the Opposition	
Scale 6	Independent/co-opted Person(s)	£1,210

Note: Chairs of Development and Scrutiny Committees may be paid the transitional allowance of £6000 for the first year of the scheme after which their role should be re-evaluated.