

**NOTTINGHAMSHIRE COUNTY COUNCIL
INDEPENDENT REMUNERATION PANEL REPORT
November 2009**



Introduction

1. This paper is the report of the Nottinghamshire Independent Remuneration Panel (IRP) following our review of the County Council's Members' Allowances Scheme.

Background

2. The first Nottinghamshire Members' Allowances Scheme was established following a report by an independent panel in 2000. Subsequent reports from the Independent Remuneration Panels in 2003 and 2006 have built on their predecessors' work.
3. The panel last undertook a full review of the Council's Allowances Scheme in April 2006, the outcomes of which were adopted by the County Council in May 2006. We also met in June 2009 to produce an interim report on how the current scheme should be applied to changes to the Council's political structure made by the incoming administration. The panel's recommendations were adopted by Full Council in June 2009.
4. Under the Local Authorities (Members' Allowances) (England) Regulations 2003 before a council makes a members allowances scheme it is required to have regard to a report from the IRP covering:
 - a) the amount of basic allowance
 - b) the responsibilities or duties in respect of which special responsibility, travelling and subsistence, and co-optees' allowances should be available and the amount of such allowances
 - c) whether dependants' carers' allowance should be payable and the amount of such an allowance
 - d) whether the level of allowances should be index-linked
 - e) which members of an authority are to be entitled to pensions.
5. The membership of the IRP is:
 - a) Sir Rodney Brooke CBE, DL (Chair) who has long experience of Local Government as a Chief Executive. He has chaired independent remuneration panels for various authorities. He chairs and is member of various public sector bodies.

- b) Madi Sharma who is a proprietor of a Nottinghamshire business and is an Ambassador for Nottingham. She is also a member of several independent remuneration panels.
- c) Richard Hassett JP DL who is a former independent Chair of the Nottinghamshire Police Authority and non-executive Director of the Doncaster and Bassetlaw Hospitals NHS Foundation Trust. He is also a former Chair of the Nottinghamshire Magistrates Courts Committee

We were supported in our considerations by David Ellis, Service Manager (Member Support), Susan Bearman, Senior Solicitor, and Simon Gill, Solicitor, from the Chief Executive's Department; however the recommendations in this report are of the IRP alone.

- 6. We received representations in person or in writing from members across the Council and would express our appreciation to members for making their contribution.

Context

- 7. These are challenging times for local government. The current economic climate has put significant pressure on public spending. Nottinghamshire County Council's medium term financial strategy assumes that a combination of spending pressures, reduction in Government grant, and the commitment to freeze Council Tax means that savings of £80 million need to be found over the next three years.
- 8. At the time of our deliberations the new Administration was putting the final touches to its budget proposals which are subject to consultation over the next few months and are expected to involve some significant and sensitive reductions. All portfolio holders have been asked to identify savings of 10% in 2010/11.
- 9. Both the Government and the Opposition are proposing major restraint on public sector pay over the next few years.
- 10. Against this background the IRP looked hard at ways of reducing spending on members' allowances. We are clear that Nottinghamshire is well-served by a group of dedicated, responsible and hard-working councillors. However, budgetary pressures will affect service users and employees and it is reasonable to expect that the elected councillors will be affected too. It is to their credit that the Councillors who appeared before the panel acknowledged and echoed this view.
- 11. We are aware that the final arbiters of the value of the contribution made by local councillors, and their "value for money" are local electors.

Level of basic allowance

12. The independent panel which met in 2000 established the benchmark for the basic allowance as the median white collar wage for Nottinghamshire (then £23,483 pa). The panel identified that council work is approximately half-time, which would have meant an allowance of around £12,250, but then discounted it to represent the voluntary element of a councillor's work giving a benchmark of £10,000 pa. Subsequent panels have maintained this benchmark with the figure being indexed to local government pay settlements.
13. The councillors who made representations confirmed the level of time commitment that is expected in order to discharge their responsibilities. Councillors in Nottinghamshire frequently represent large areas, with high expectations to make themselves available for their constituents in both formal and informal settings. Councillors appreciate that theirs is not a "9-5" Monday to Friday job; in addition to their commitments at County Hall they frequently have evening and weekend commitments.
14. *We have considered the basic allowance and in the absence of evidence to the contrary consider that the level which was set remains appropriate and that it remains appropriate to index-link this to pay awards for local government staff. The effect of this is likely to mean low increases, if any, over the next few years.*

Dual-Hatted members

15. In a two-tier County there have always been members serving at both the County and District/Borough level. It was pointed out to us that a significant number of the new councillors elected in June 2009 are serving district or borough councillors so that some 40 of the 67 councillors are dual-hatted. Other county councillors have been appointed to the Nottinghamshire Police Authority or the Fire Authority.
16. We were asked to give some consideration as to whether it was appropriate for an individual councillor to serve on several authorities and consequently claim allowances from them.
17. The law is clear. All members serving on a local authority are eligible for a basic allowance, and the same allowance must be made available to all members. Consequently in our minds there is no scope for discounting the allowance paid to a member who has been elected to another council or appointed to another body.
18. There are advantages to dual membership; for instance a dual-hatted member has contacts in both councils which can help with individual casework or community issues.
19. Our calculation of the basic allowance assumes that being a councillor is broadly a half-time commitment, and as suggested above this is not during normal "office hours". We heard from councillors that it is

possible to balance the demands of the County Council, which meets mainly during the day, with those of district and borough councils, which tend to meet in the evenings.

20. We consider it vital that all members, whether dual-hatted or not, are able to give adequate time and energy to their various commitments. Although the final sanction is with the electorate, we would expect the political groups and the political parties to monitor and take action if councillors fail to perform their roles. We appreciate that there may be situations where a Member unable to discharge their responsibilities to the full extent is unable to resign immediately, but in these circumstances we would expect them to renounce all or part of their basic allowance.
21. We are delighted that the County Council is encouraging the use of councillor web pages which give the electorate a clear account of the work being carried out by Members, how well they attend to their duties, and the value for money they are providing. We commend this enlightened approach.

Special Responsibility Allowances

22. Previous IRPs established a schedule of positions eligible for Special Responsibility Allowances (SRAs). The 2006 IRP defined the allowances as a proportion of the Leader's SRA. We are satisfied that this approach remains sound.
23. We have reviewed the overall level of Special Responsibility Allowances paid, the relativities between different roles, and the overall number of allowances paid. In this we have taken account of the 2008 national survey of councillor allowances.
24. *In the absence of any evidence to the contrary we recommend that the current overall rates of allowances, ie based on a proportion of the rate for the Leader, index-linked to the local government pay settlement should continue.*
25. At present some 50 of the 67 county councillors receive an SRA. This has increased since the 40 noted in the panel's report in 2000. The Government's view at the time of the publication of the 2003 regulations was that typically no more than 50% of councillors should receive a SRA. In considering whether this view is sustainable we have had regard to the practicalities of being part of a large and complex organisation such as a county council. Evidence from elsewhere shows that many county councils have not found it practical to stay within the 50% expectation.
26. The SRA recognises certain specific roles undertaken by councillors. A particular individual may undertake several roles which could each attract a SRA but is only eligible to claim one. Conversely, the roles could be undertaken by different members each receiving an

allowance. This arrangement means that the total annual cost of SRAs is variable, and within the control of those appointing councillors to positions that attract SRAs.

27. While we would not wish to challenge the Council's judgement as to which councillors are best suited to particular roles, we consider that paying SRAs to 75% of County Councillors is inappropriate. We have reviewed the current roles eligible for SRA and are recommending that some cease to attract an allowance.
28. The scheme determines roles that are eligible for an SRA and the rate of allowance but the Council determines its structure and allocates roles within this framework. Recent changes include:
 - a) Increase in the number of Cabinet Members
 - b) Increase in the number of Deputy Cabinet Members
 - c) The introduction of the Rights of Way Committee
 - d) Changes to the arrangements for Scrutiny
29. We have also received representations on specific roles within the scheme which we have considered. Our views and recommendations are set out below
 - 29.1 **Chair of Pensions.** We took evidence on the workload and responsibilities inherent in the role of Chair of Pensions. In the light of the difficult financial circumstances and the need for appropriate diligence in overseeing the complex finances of the Council's Pension Fund we consider that this role is becoming increasingly onerous and *recommend an increase from Band 7 to Band 6* which would align it with the chairs of scrutiny committees.
 - 29.2 **Chair of Overview.** In our June report we reduced the scale for this role from Band 4 to Band 6 to reflect the new Council's intention to have four equal scrutiny committees. As part of this review we heard evidence of how this role continues to evolve. The Chair of Overview clearly has a co-ordinating role across the whole scrutiny function, including the recently introduced responsibility of reporting to Council. The Chairs of the three Standing Committees sit on the Overview Committee to facilitate the co-ordination of the Council's resources in this regard. However, the individual Standing Committees are responsible for their own reviews and individual Chairs will take the final reports to Cabinet or the appropriate body.
 - 29.3 By their nature the SRA bands are broad and encompass variations in responsibilities. While we recognise the important role of the Chair of Overview in co-ordinating scrutiny and building strategic alliances with external partners we do not consider that this goes beyond the current Band 6.

- 29.4 **Deputy Cabinet Members.** We are aware of the increase in the number of Deputy Cabinet Members with the new Administration. We also recognise that there is a tremendous learning curve for the new Cabinet and see the advantages of recruiting additional expertise. However, we feel that this growth should be constrained and *recommend a maximum of six Deputy Cabinet Members.* We would hope that this number of Deputy Cabinet Members will not be required in the long-term.
- 29.5 **Chair of Standards.** We are aware that the new Chair of Standards has recently been appointed by the Council following advertisement. This role has changed as a result of the legislative changes in 2008 and as we consider that it reflects the significance attached to the role by the Council we *recommend no change to the scale at this time.*
- 29.6 **Vice-Chairs of Standards Committee.** The Council has continued its previous practice of appointing two Councillors as Vice-Chairs of Standards as well as appointing three independent people to be members of Standards Committee. Under the legislation, the chair of a meeting of the Standards Committee or one of its assessment sub-committees cannot be an elected councillor. This means that the main role for the vice-chairs is to act as liaison with the Council. We do not consider that this role continues to justify a SRA and therefore *recommend that Vice-Chairs of Standards Committee be deleted from the scheme.*
- 29.7 **Chair of Administration Committee.** This role is now specifically reserved to the Leader of the Council and consequently we *recommend that it is deleted from the Scheme.*
- 29.8 **Opposition Spokesperson on Planning and Licensing.** We understand that the Planning and Licensing Committee should not be party political and therefore question the role of opposition spokesperson. We would commend the model of having a cross-party chair and vice-chair of the Committee and therefore *recommend that the Main Minority Group spokesperson on Planning and Licensing be deleted from the scheme.*
- 29.9 **Vice-Chair of Appeals.** We understand that the Appeals Committee rarely meets as the full committee but that members form a pool from which panels are drawn to deal with individual matters. Although there is a role for the Chair of Appeals to manage the overall business of the committee and its panels we consider that the limited requirement on the vice-chair does not justify a SRA for the post and therefore *recommend that the Vice-Chair of Appeals be deleted from the scheme.*
30. **Political Group Roles.** We also received representations which questioned whether it was appropriate to pay political group roles. We are clear that the responsibilities recognised in this Scheme by SRAs are related to the effective management of the County Council.

Clearly, as a political organisation there are areas of overlap between the effective management of the Council and its business and the operation of the political groups and political parties. With this in mind we have re-examined some roles currently in the Scheme and suggest that on balance the following should no longer be eligible for an SRA:

- a) Assistant Whips (majority group and minority groups)
- b) Group Secretary (majority group)
- c) School Governors Co-ordinator (minority group)

Consequently we recommend that the Assistant Whips, Group Secretary, and School Governors Co-ordinator be deleted from the scheme.

- 31. These proposals mean that there remains provision in the Scheme for political groups with more than 10% of the Members of the Council to have a Group Whip. To avoid confusion we would *recommend that these roles should be re-named "Business Manager"* to emphasise that the SRA is paid in respect of the business management element of the role
- 32. Overall these proposals remove the entitlement to SRA from 9 roles. As some of these roles are currently not claimed we estimate that it would reduce the number of Members claiming a SRA from 50 to 45 which is a step back towards the position in 2000, and brings the Council more into line with the number of SRAs paid by other county councils. It represents a net reduction of some £60,000 in the allowances available within the scheme.

Impact of political changes

- 33. Previous IRP reviews have taken place against a political structure in Nottinghamshire of two larger groups, forming the administration and opposition, and a third smaller group. At the time of our review the membership of the Council is

Conservative Group	35
Labour Group	13
Independents Group*	9
Liberal Democrats Group	9
Vacancy	1

* The Independents Group consists of 5 councillors from the Mansfield Independent Forum, 2 independent councillors, and 1 councillor each from the Selston Area Independents Party and the United Kingdom Independence Party.

- 34. We have taken account of these changed circumstances in this review and in our previous report in June. The Council has made

arrangements for the IRP to be recalled if circumstances change sufficiently for this to be required in the future.

35. We consider that the largest opposition Group still has a particular role to play in the democratic process and in expediting the Council's business. So, for the avoidance of doubt, we confirm that the roles of "opposition" spokespeople on Cabinet Portfolios are allocated by the largest opposition Group.

Sickness and other allowances

36. We were asked to consider the circumstances in which the Council could continue to pay SRA for a member on long-term sickness and whether it would be appropriate to pay an "acting up" allowance.
37. As far as possible we would wish to draw on the principles of the officer scheme in developing a scheme for members. However, we appreciate that issues such as continuous length of service are different for councillors. *Therefore we recommend the following arrangements for councillors in receipt of an SRA:*
- a) All sickness absence must be appropriately certified.
 - b) Payment of SRA for the first six months of absence is at the full rate, reducing to 50% after six months and ceasing after twelve months. The Standards Committee would be authorised to vary this in exceptional circumstances.
 - c) For the first three months of absence any deputising arrangements will be without additional pay (whether by a Deputy Cabinet Member, Vice-Chair, or other member acting into the role). For absences continuing after three months (up to a maximum of 12 months) the Standards Committee would be able to create a deputising allowance up to the SRA for the post. Any Member would only be entitled to claim one SRA or deputising allowance at any one time.
 - d) In calculating periods of sickness the Standards Committee would be able to disregard small periods of return to work if the illness is of continuing nature.
38. We considered it appropriate to consider leave for reasons other than sickness, and concluded that there should be provision for maternity leave where a Member is in receipt of an SRA. We recommend a maternity leave period of up to three months on full SRA. Members are not eligible for Statutory Maternity Pay (SMP) unless they have other employment, and the Council cannot pay SMP for Members. The same provisions should apply to adoption leave. The paternity leave arrangement should be for one week's absence on full SRA.

39. Normal leave arrangements and emergency situations do not affect SRAs. Extended absence, for example service abroad in the TA or jury service should be in line with officer guidelines.

Travel and Subsistence Allowances

40. In our 2003 report we recommended that travel allowances for councillors should be linked to the officers' scheme. Consequently the National Joint Council scheme has applied to members.

41. In 2008 as part of the implementation of the single status agreement the County Council changed the local rules on subsistence and travel. In the absence of a recommendation from the IRP these changes were not applied to councillors.

42. On 15th October 2009 the Council published proposals to revise the terms and conditions for officers in order to contribute to the Council's budget savings. The changes that are relevant to councillors are:

- a. To replace the current mileage rates for casual users (42.9p or 47.7p) with the HM Revenues and Customs rate of 40p per mile.
- b. To remove all subsistence payments other than in exceptional circumstances, eg for overnight stays.

43. We still take the view that allowances for Members should align with the terms and conditions that the Council applies to its officers. *Therefore we recommend that the revised local scheme for officers should apply to councillors from the same date. In principle, any future changes to the officer scheme as applied locally should also apply to members.*

44. It is estimated that these changes will save approximately £67,000 per annum on Members' travel and subsistence.

45. Members are entitled to claim £7.64 for an evening meal if work continues after 8.30pm. We are sympathetic to the view that it may be difficult to find an adequate meal for this sum, but councillors are also entitled to out of pocket expenses of £3.63 when staying away overnight; the aggregated sum of £11.27 should lessen the hardship. This allowance is identical to officer entitlement which is determined nationally, and we take the view that the allowances for councillors and officers should be aligned.

46. We were asked to consider the impact of changes to terms and conditions on Members of Education Appeals Panels. These Panels consist of people who are not elected Members. They are eligible for loss of earnings payments, although we were told that very few claim this in practice, plus travel and subsistence allowances. Concerns were expressed that as members of panels are unpaid removing travel

and subsistence allowances would make it difficult to recruit to the panels.

47. While we are sympathetic to this we would be unhappy at having a separate scheme for one group of people. We think it would be appropriate for the new standard mileage rates to be applied to Education Appeals Panel Members. However, we also think that it would be appropriate for the Council to provide lunch at no charge for meetings of the panels as a small recompense for the time given voluntarily.

Dependent's Carer's Allowance

48. We received representations from a councillor about the Dependent's Carer's Allowance. Under the current scheme councillors may claim up to £5.84 per hour for child care and up to £11.58 per hour for other dependants, in respect of expenses for the care of their children or other dependants when attending meetings of the Council or other approved duty as described in the Scheme.
49. The interpretation applied by the Council is this payment is per hour irrespective of the number of children. We agree with the representations we received which suggested that this interpretation is restrictive and acts as a deterrent to standing for public office. Those with caring responsibilities are already required to juggle work and family responsibilities.
50. We anticipate that there may be circumstances when a councillor with more than one child incurs a separate cost for each. Payment is made on the basis of receipts, which ensures that spending is incurred appropriately.
51. *Therefore we recommend that the scheme be amended so that the maximum allowance within the scheme is payable **per child or dependent**. We also recommend that in circumstances of particular difficulty the Standards Committee be authorised to increase the allowance payable.*

Information Technology

52. There have been significant developments in the use of information technology since the panel first met in 2000. We take the view that councillors would struggle to discharge their responsibilities without making appropriate use of information technology. Many of their constituents assume members to be accessible electronically, which brings its own expectations in terms of speed of response. The significant changes since 2000 mean that the technology available now offers the flexibility to enable councillors to work more flexibly; notably it facilitates home working.

53. Since IT is now an almost essential “tool of the trade” we consider that it should no longer be something on which we deliberate. *Therefore we recommend that responsibility for Members’ IT policy should rest with the Council and suggest that Administration Committee is the appropriate body to consider the impact of technology changes.*

Other Matters

54. We had a small number of questions of interpretation or updating on the scheme referred to us which we do not consider appropriate to us. We have referred these back to the appropriate parties.

Rodney Brooke

Richard Hassett

Madi Sharma