

<p><b>CABINET MEETING – 18 September 2012</b></p> <p><b>EXECUTIVE SUMMARY SHEET – PART I</b></p>	
<p><b>Title of Report:</b>  <b>REVIEW OF MEMBERS' ALLOWANCES SCHEME BY THE INDEPENDENT REMUNERATION PANEL</b></p>	
<p><b>Author(s):</b>  <b>Report of the Chief Executive and Executive Director of Commercial and Corporate Services</b></p>	
<p><b>Purpose of Report:</b>          To consider the outcome of the Independent Remuneration Panel's Review of Members' Allowances and to make appropriate recommendations to Council.</p>	
<p><b>Description of Decision:</b>          Cabinet is requested to consider the recommendations of the Independent Remuneration Panel and make appropriate recommendations to Council.</p>	
<p><b>Is the decision consistent with the Budget/Policy Framework?</b>      <b>Yes</b></p>	
<p><b>If not, Council approval is required to change the Budget/Policy Framework</b></p>	
<p><b>Suggested reason(s) for Decision:</b>          Significant changes have taken place in the governance arrangements within the Council and it is appropriate that the Allowances Scheme is reviewed in the light of these. The Panel's recommendations are based upon consideration of evidence, statutory guidance and analysis, as referred to in its report.</p>	
<p><b>Alternative options to be considered and recommended to be rejected:</b>          The recommendations have been arrived at following careful consideration by the Panel and are considered by them to represent the optimum approach. It is not therefore recommended that the Council adopt any alternative arrangements.</p>	
<p><b>Impacts analysed;</b></p> <p>Equality <input type="text" value="N/A"/> Privacy <input type="text" value="N/A"/> Sustainability <input type="text" value="N/A"/> Crime and Disorder <input type="text" value="N/A"/></p>	
<p><b>Is this a "Key Decision" as defined in the Constitution?</b></p> <p style="text-align: right;"><b>No</b></p>	<p><b>Scrutiny Committee</b></p>
<p><b>Is it included in the Forward Plan?</b></p> <p style="text-align: right;"><b>No</b></p>	



## REVIEW OF MEMBERS' ALLOWANCES SCHEME BY THE INDEPENDENT REMUNERATION PANEL

### Report of the Chief Executive and Executive Director of Commercial and Corporate Services

#### 1.0 Purpose of the Report

- 1.1 To consider the outcome of the Independent Remuneration Panel's Review of Members' Allowances and to make appropriate recommendations to Council.

#### 2.0 Description of Decision (Recommendations)

- 2.1 Cabinet is requested to consider the recommendations of the Independent Remuneration Panel and make appropriate recommendations to Council.

#### 3.0 Introduction / Background

- 3.1 The report of the Independent Remuneration Panel has been received and is attached as Appendix 1.
- 3.2 The Panel has responsibility for making recommendations on Basic and Special Responsibility Allowances, pensions eligibility, travel and subsistence and co-optees allowances. The functions of the Panel are described in Annex1 of the Panel's report. Local Authorities must have regard to the advice of the Panel when deciding on their Members' Allowances Scheme and the amounts to be paid thereunder.
- 3.3 The Panel has recommended that the Basic Allowance remains unchanged and that Special Responsibility Allowances (SRAs) should be payable for the positions indicated below, at the levels of remuneration shown with any changes to the Members' Allowances Scheme backdated to the start of the current financial year:

OFFICE HOLDERS	£
Leader	37,667
Deputy Leader	25,111
Cabinet Secretary	25,111
Leader Majority Party in Opposition	12,556
Leader Minority Party in Opposition	6,277
Deputy Leader Majority Party in Opposition	8,369
Deputy Leader Minority Party in Opposition	4,184
Cabinet Member	20,716
Policy Member	12,556
Chairman of Scrutiny Committee	12,556
Chairmen of Area Committees	10,350
Chair of Regulatory Committee	8,369

Chair of Licensing Committee	8,369
Vice Chairmen of Area Committees	6,277
Chair of Planning and Highways Committee	6,277
Chairmen of Development Control Sub Committees	6,277
Vice Chairman of Scrutiny	6,277
Scrutiny Lead Member	5,179
Membership of Adoption Panel (to be paid to up to 2 members)	4,184
Mayoral Allowance	17,205
Deputy Mayoral Allowance	3,827

- 3.4 As is currently the case where the positions of the Chair of the Licensing Committee and of the Regulatory Committee are held by the same member only one allowance should be payable, but increased by a factor of 50%.
- 3.5 The Panel recommend that the amendments to the Members' Allowances Scheme be backdated to the 1 April 2012. For the avoidance of doubt, it has confirmed that the recommended backdating of the proposed amendments is without prejudice to the award of allowances to those Members who were entitled to an SRA under the existing scheme, for so long as they held the position for which the allowance was awarded. It is considered appropriate that such Members should receive the allowance to which they were entitled under the existing scheme, at the rate set out in the existing scheme, up to the date at which they ceased to hold the position concerned.
- 3.6 A summary of the proposed Members' Allowances Scheme is set out at Annex 2 to the Panel's report.

#### **4.0 Suggested Reasons for Decision**

- 4.1 Significant changes have taken place in the governance arrangements within the Council and it is appropriate that the Allowances Scheme is reviewed in the light of these. The Panel's recommendations are based upon consideration of evidence, statutory guidance and analysis, as referred to in its report.

#### **5.0 Alternative Options**

- 5.1 The recommendations have been arrived at following careful consideration by the Panel and are considered by them to represent the optimum approach. It is not therefore recommended that the Council adopt any alternative arrangements.

## **6.0 Financial Implications**

- 6.1 The full cost of proposals (£521,308) can be accommodated within the existing Members' Allowances and Members' Scrutiny budgets and will return a net saving of £7,729.

## **7.0 Other Implications**

- 7.1 There are no equality, privacy, sustainability or crime and disorder issues associated with these proposals.

## **8.0 Publicity**

- 8.1 The Regulations place duties on Councils in connection with publicising the recommendations made by their Independent Remuneration Panel. Accordingly, arrangements have been made for the Panel's report to be available for inspection and to be published on the Council's website.

## **Background Papers**

Report of the Independent Remuneration Panel

### CITY OF SUNDERLAND MEMBERS' ALLOWANCES SCHEME

#### REPORT OF THE INDEPENDENT REMUNERATION PANEL: REVIEW OF MEMBERS' ALLOWANCES IN SUPPORT OF THE COUNCIL'S NEW EXECUTIVE AND COMMITTEE ARRANGEMENTS

##### 1.0 Introduction

1.1 The Members' Remuneration Panel has been operating since 1999. It was originally set up on a voluntary basis but since 2001 has been operating formally as the Independent Remuneration Panel under Government Regulations. In 2003, new Regulations, the Local Authorities (Members Allowances) (England) Regulations became operative and added significantly to the functions of the Panel. A full statement of the formal terms of reference is attached at Annex 1.

1.2 Regulations are supported by detailed guidance which provides a description of both statutory guidance and non-statutory guidance. The Panel has had due regard to this guidance in formulating its proposals.

##### 2.0 Background

2.1 The Panel was pleased to note that all previous recommendations had been adopted in full by the Council.

2.2 As part of this review, the Council provided the Panel with details of the broad and fundamental changes in the Council's Governance arrangements that had been introduced from May 2012. The Panel accepted that the new arrangements were still in their early stages of implementation and it was likely that there would be a degree of learning and development for all concerned. The Panel noted the commitment of the Council to accompany implementation of proposals with

- a broad programme of individual and collective capacity development for Officers as well as Members concerned
- regular review of the effectiveness of the implementation of the proposals

2.2 Although consideration of the merits of the Governance structures was not within its remit, the Panel noted the rationale behind the major changes to Executive and Committee arrangements which were introduced by the Council following Annual Council in May 2012. The Panel noted the Council's focus upon:

- § Strengthening strategic leadership capacity
- § Strengthening Area governance

§ Streamlining the Scrutiny function and

§ Refreshing other relevant main Committee arrangements

in order to support the next phase of the Sunderland Way of Working.

### **3.0 The Review Process**

3.1 The Panel considered information provided by Members and Officers which included;

i. written representations received from Members

ii. documentation provided by the Council which set out the

§ background to the recent fundamental review of the Council's Executive and Committee arrangements

§ rationale for restructuring and details of the specific proposals themselves

§ principal positions of responsibility within the new structures, role definitions for these and average weekly hours required

ii. direct discussion with Group Leaders or their representatives, the Chief Executive and Head of Community Leadership Programmes.

iii. further interviews with Members from both main party groups including the Deputy Leader, Policy Members, the Chairman of Scrutiny, various Scrutiny Lead Members, Area Committee Chairmen and Vice Chairmen.

iv. supplementary information provided by the Council in response to comments and queries made by the Panel during the course of its deliberations.

3.2 The Panel records its gratitude for the assistance provided by members and officers.

### **4.0 Summary of Proposals**

4.1 The Panel noted the Council's progress in achieving challenging expenditure reduction targets at the same time as achieving significant improvements in service quality and customer satisfaction through the Sunderland Way of Working. It also noted the importance which the Council attaches to the community leadership role of Elected Members. The Panel was made aware of the Council's plans to develop its community leadership role and position and that these depended upon closer ongoing involvement of Elected Members, especially those in positions of special responsibility.

4.2 The Panel was also informed of the Council's determination to strengthen its profile and presence in the City, region, nationally and beyond and the need for the Council to revise and strengthen its strategic leadership capacity accordingly.

4.3 The Panel was apprised of the Council's plans for extensive decentralisation of key services to the Area level and the steps which had already been taken to ensure that this change was managed effectively with Members leading and Officers supporting and advising.

4.4 In order to shape its proposals the Council commissioned an independent Peer Review of its Executive and Committee arrangements. The Peer Review focused primarily upon the how current Executive and Committee arrangements could be re-fashioned in order to support the Council's objectives under the Sunderland Way of Working. It also included consideration of opportunities for rationalisation of positions of special responsibility within its wider considerations.

4.5 The Council subsequently implemented the majority of Peer Review recommendations including significant reductions in the number of Cabinet members, Chairmen of Scrutiny Committees and Vice Chairmen of Scrutiny Committees and the disestablishment of the Council's Personnel Committee and therefore the SRA attached to the post of Chairman of this Committee. The Panel was made aware that a further phase of proposals – principally concerning further devolution of decision-making to the Area level – was likely to follow in due course.

4.6 Whilst not constrained by the potential cost of its recommendations, the Panel noted the Council's desire to contain the potential cost of a revised scheme within an envelope of resources consisting of the current Member Allowance Budget and a proportion of the current Scrutiny development budget.

## **5.0 Recommendations**

5.1 The Panel considered the new roles and responsibilities of Members in light of changes to the governance structure. It also gave consideration to the current level of allowances in respect of other positions within the Council and the level of Basic Allowance.

5.2 With regard to the new roles and responsibilities, the Panel considered that these ought to be recognised in the Allowance Scheme. However, it noted that, if its recommendations in this regard were all accepted by the Council this would raise the proportion of Members receiving SRAs to 66% of its 75 Councillors. The Panel was mindful of guidance on local authority allowances issued by the former Office of the Deputy Prime Minister in 2003 which states that, if the majority of members of a council receive a Special Responsibility Allowance, the local electorate may rightly question whether this was justified. The Panel also had regard to written representations that had been received to the effect that the number of SRAs should be reduced and the basic allowance increased. However it also noted, as is recognised in the guidance, that the regulations do not limit the number of SRAs.

5.3 The Panel noted that Councils across the country currently average 58% of Councillors holding SRAs and that north eastern metropolitan authorities average 67%.

5.4 The Panel requested the Leader of the Council's view regarding this and received confirmation that, as far as the majority party was concerned, a justifiable increase above the 50% figure was acceptable.

5.5 Having given careful consideration to the matter, the Panel remained of the view that its recommendations set out below were appropriate.

**5.6 With regard to the Council's proposals, therefore, the Panel recommends that the following changes to the Council's Member Allowance Scheme be accepted and backdated to the start of the 2012/13 Financial Year:**

### **1. Strengthening Strategic Leadership Capacity**

i. The Panel noted that the Council's commitment to strengthening its strategic leadership capacity was based upon its intention to increase capacity available to the Council's Leadership (Leader, Deputy Leader, Cabinet Secretary) to allocate leadership on important emerging issues and opportunities to senior Councillors. The Panel also noted the importance that the Council attaches to strengthening its member representation on key international, national, regional and city-level outside bodies whose decisions impact upon the City. The Panel noted that changes also involved a rationalisation and re-alignment of Cabinet Portfolios to correspond with the remits of main Directorates and to respond to major agendas facing the Council (such as the transfer of Public Health responsibilities to the Council in April 2013) or driven by the Council (such as the Responsive Services programme) and that this was all intended to reinforce the Member role at the centre of decision-making on key matters facing the City.

ii. The Panel noted the reduction of Cabinet by two members and, secondly, the creation of five new Policy Member posts which would both support main Portfolios day to day and provide leadership on major projects or longer term initiatives identified by the Leadership.

**iii. The Panel therefore recommends that**

**a. an SRA equivalent to c.60% of that of a Cabinet Portfolio Holder (£12,556) be attached to the role of Policy Member.**

### **2. Streamlining Scrutiny**

i. The Panel noted the new arrangements for the streamlining of Scrutiny to reflect the need to concentrate Member attentions upon those parts of the governance system which were most critical to delivery of the next phase of the Sunderland Way of Working. It was informed that, following the Independent Peer Review, the Council had reduced seven current Scrutiny Committees with remunerated Chairs and Vice Chairs to one Scrutiny Committee with one Vice Chair and six Scrutiny Leads. The Panel noted that

the Council believes that these changes would avoid any reduction in the quality and performance of its Scrutiny function.

ii. The Panel considered the additional responsibility and time commitment required of the single remaining Vice-Chairman of Scrutiny and, particularly, from the six new positions of Scrutiny Lead Member.

**iii. The Panel therefore recommends that**

**a. an SRA equivalent to c.30% of that of a Cabinet Portfolio Holder (£6,277) be attached to the single remaining Vice Chairman of Scrutiny Committee.**

**b. an SRA equivalent to c.25% of that of a Cabinet Portfolio Holder (£5,179) be attached to the position of Scrutiny Lead Member.**

**3. Strengthening Area Governance**

i. The Panel noted the Council's commitment to decentralisation of decision-making on the widest appropriate range of front line services to the Area level or below based upon a desire to

§ achieve better outcomes for local people by bringing decision-making on key front-line services much nearer to the public they serve

§ maximise the efficiencies achievable through adopting the Council's pioneering Responsive Services methodology and approach

ii. The Panel noted the Council's intention to underpin this challenging agenda with stronger Member representation at the Area level, especially so in view of the Council's commitment to strengthening the influence of local Councillors over shaping and delivery of important front line services.

iii. The Panel also noted the Council's progress on this agenda. Councillors in Area Committees and Area Boards formerly had direct influence over Area budgets rarely exceeding £300,000. In the first wave of decentralisation the Council had given Area Committees and their Place Boards direct influence over an average of ten times this amount per Area, with much more to follow as Area Committees and Area Boards oversee a rapid roll out of further Place and a broad range of People services.

**iv. The Panel therefore recommends that**

**a. an SRA equivalent to c.50% of that of a Cabinet Portfolio Holder (£10,350) be attached to the position of Area Committee Chairman.**

**b. an SRA equivalent to c.30% of that of a Cabinet Portfolio Holder (£6,277) be attached to the position of Vice-Chairman of Area Committee.**

#### **4. Refreshing Other Relevant Main Committee Arrangements**

##### **a. Licensing and Regulatory Committee Chairmen**

i. The Panel was informed that Licensing Committee and Regulatory Committee were unlikely to be prioritised for review in the next phase of changes to be developed by the Council. The Panel considered the roles and responsibilities of the chairmen of these quasi-judicial committees and comparative information from around the region. On the basis of this, the Panel considered that it was appropriate to review allowances associated with these posts in relation to other elements of the new governance arrangements which the Council had introduced.

**ii. The Panel therefore recommends that the SRA's currently attached to the posts of Chairman of Licensing Committee and Chairman of Regulatory Committee should be revised to an equivalent of c. 40% of the SRA attached to a Cabinet Portfolio Holder (£8,369)**

##### **b. Adoptions and Permanency Panel Members (2)**

i. One of the recommendations from the Panel's last review which was accepted by the Council was that up to two members be awarded an SRA for membership of the Adoptions and Permanency Panel. The Panel received evidence of a further increase in the demands upon Members' time associated with this role and considered it appropriate to recommend an increase in allowance to reflect this.

**ii. The Panel therefore recommends that the SRA's currently attached to the two posts involved in the Adoptions and Permanency Panel should be revised to an equivalent of c. 20% of the SRA attached to a Cabinet Portfolio Holder (£4,184)**

##### **c. Standards Committee**

i. The Panel noted that under the new arrangements introduced as a result of changes in the standards regime, the Standards Committee no longer had any independent members. The Council had made two appointments to a new role of Independent Person, which sat outside the committee structure.

**ii. The Panel therefore recommends that the payments identified in the Scheme for independent members of the Standards Committee should be removed.**

## **5. Additional Recommendations**

### **i. Save as referred to above, it recommends that all other provisions in the existing scheme remain unchanged.**

It was noted that the cessation of some positions of special responsibility under the existing scheme had occurred after 1 April 2012. For the avoidance of doubt, it is confirmed that the recommended backdating of the proposed amendments is without prejudice to the award of allowances to those members who were entitled to an SRA under the existing scheme, for so long as they held the position for which the allowance was awarded. It is considered appropriate that such members should receive the allowance to which they were entitled under the existing scheme, at the rate set out in the existing scheme, up to the date at which they ceased to hold the position concerned.

With regard to the Basic Allowance, the Panel had regard to representations to the effect that it should be increased and also a representation that it should be protected. In the Panel's view, the current Basic Allowance is at an appropriate level.

### **ii. It also recommends that there is no provision for indexation of allowances.**

## **6. Future Reviews**

i. A number of written representations were made to the Panel by Members regarding matters including the cost of transport, the financial situation of Members in receipt of unemployment and sickness benefit and the level of mayoral allowances. It has not been possible to consider these representations properly within the current review without delaying the process and therefore it is recommended that these representations be considered as part of the next review.

ii. A representation was also received to the effect that the Basic Allowance should be increased to enable Members to provide ICT equipment themselves. As stated above, the Panel considers the current level of Basic Allowance to be appropriate. Should the Council choose to introduce different arrangements for the provision of ICT to Members, the Panel will take this into account in any future review.

iii. The Panel has previously recommended more frequent reviews of the Scheme and it reiterates that this would be appropriate in order to reflect any further changes to Members' roles as these and future new arrangements are embedded. In particular it is recommended that a further review is undertaken in approximately 12 months to assess further the roles and responsibilities associated with the new posts. The Panel was pleased to note cross party support for this proposal.

## **7. Summary of Proposed Allowances Scheme**

A summary of the proposed levels of allowances, which it is recommended should be applied until further review, is set out in Annex 2

John Anderson CBE – Chair

Karen Straughair

John Cuthbert

September 2012

### The Work of the Panel

The regulations provide for independent remuneration panels to have the following functions:

- To make recommendations to the authority as to the amount of basic allowance that should be payable to its elected members.
- To make recommendations to the authority about the responsibilities or duties which should lead to the payment of a special responsibility allowance and as to the amount of such an allowance.
- To make recommendations to the authority about the duties for which a travelling and subsistence allowance can be paid and as to the amount of this allowance.
- To make recommendations as to the amount of co-optees' allowances.
- To make recommendations as to whether the authority's allowances scheme should include an allowance in respect of the expenses of arranging for the care of children and dependants and if it does make such a recommendation, the amount of this allowance and the means by which it is determined.
- To make recommendations on whether any allowance should be backdated to the beginning of a financial year in the event of the scheme being amended.
- To make recommendations as to whether annual adjustments of allowance levels may be referred to an index, and, if so, for how long such a measure should run.
- To make recommendations as to which members of an authority are to be entitled to pensions in accordance with a scheme made under section 7 of the Superannuation Act 1972.
- As to treating basic allowance and special responsibility allowance as amounts in respect of which such pensions are payable.

**Annex 2****Members' Allowances Scheme**

£  
Amount per  
annum  
£

**Basic Allowance** 8,369

**Special Responsibility Allowances:-**

Leader of the Council	37,667
Deputy Leader of the Council	25,111
Cabinet Secretary	25,111
Leader of Majority Party in Opposition	12,556
Leader of the Minority Party in Opposition	6,277
Deputy Leader of Majority Party in Opposition	8,369
Deputy Leader of the Minority Party in Opposition	4,184
Cabinet Member with Service Portfolio	20,716
Policy Member	12,556

**Chairmen of the following:-**

Scrutiny Committee	12,556
Area Committees	10,350
Regulatory Committee	8,369
Licensing Committee	8,369
Planning and Highways Committees	6,277
Development Control Sub-Committees	6,277

Where the same person chairs the Licensing and Regulatory Committees, only one allowance will be payable but increased by a factor of 50%

**Vice Chairmen of the following:-**

Scrutiny Committee	6,277
Area Committee	6,277

**Other Special Responsibility Allowances:**

Scrutiny Lead Member	5,179
Membership of Adoption and Permanency Placement Panel (To be paid to up to 2 members)	4,184

**Co-optees Allowances****Port Board**

15,000

**Audit and Governance Committee:**

Chairman	
Independent member	6,277
	3,139
Mayoral Allowance	
Deputy Mayoral Allowance	17,205

Motor Cycle Allowance	24p per mile
Bicycle Allowance	20p per mile
Car Allowance	45p per mile for first 10,000 mile and 25p thereafter

Passenger Supplement 5p per mile for the passenger (not exceeding 4).

In the case of absence from the usual place of residence for a continuous period which exceeds 4 hours but does not involve an overnight absence, subsistence is payable as per the table set out below:

Breakfast Allowance	£6.22
Lunch Allowance	£8.55
Tea Allowance	£3.37
Evening Meal Allowance	£10.59

The subsistence rates shall be reduced as shown below in respect of meals provided free of charge by any authority or body during the period to which the allowance relates as follows:

Reduction of Subsistence Allowance for Meals Provided Free of Charge:

Reduction for Breakfast provided	£6.22
Lunch provided	£8.55
Tea provided	£3.37
Dinner provided	£10.59

Expenses Allowances Claimable Against Income Tax –

Use of Home as Office	£135 per annum
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This is the national Her Majesty's Revenues and Customs publicised rate. Allowance to be updated as and when Her Majesty's Revenues and Customs publishes a revised allowance.

Grant payable for Use of Rooms or Halls for Ward Surgeries	£15 maximum per occasion
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Telephone Calls Allowance	£15 per quarter
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Broadband – actual costs to be reimbursed up to a maximum of £15 per month with a contribution from each Member of £3 per month where private use is made for the facility.