

Report of Panel on Members' Allowances

June 2014

INTRODUCTION

1. The Independent Panel on Members' Allowances was appointed by the Council to make recommendations on Members' Allowances in accordance with the Government's statutory guidance and the relevant Regulations. These are currently the Local Authorities (Members' Allowances) (England) Regulations 2003 ('the Regulations'). The Panel now consists of Sir Rodney Brooke CBE DL (Chair), Dave Fortune, Matthew Knight and Carolyn Lord.
2. The Panel issued its first report in May 1999. It updated its recommendations in October 2002 following new Government guidance. The Council adopted those recommendations with modifications. In subsequent reports the Panel has made further recommendations which again have been accepted, in some cases with modifications.
3. It is clearly desirable that service as a councillor is not confined to those with independent means. We do not repeat the arguments for appropriate remuneration for councillors which we have set out in our previous reports. We believe them to be self-evident. But we do repeat our belief in the importance of local democracy and the role of councillors within it.
4. Leeds is one of the largest local authorities in the country. As an urban authority it is second only to Birmingham in population. In the last decade its population is estimated to have increased from 715,600 to 798,800, an increase of 11.6% from the 2001 figure. Its budget for 2014-15 is £565.8m. Between the 2010/11 and 2013/14 budgets, funding from government reduced by £94m. The cuts in grant are planned to extend for a further three years to 2017-18 and will be similar to those seen from 2010. The reduction in overall funding for local government in 2015-16 is forecast to be 14.1%.

5. Meanwhile the responsibilities placed on the City Councillors continue to increase. The Localism Act 2011 devolved services to local authorities, though, it was complained, without the resources to discharge them. From April 2013 the City Council assumed the major new responsibility for health and wellbeing. Financial austerity brings substantial and further challenges to councillors as the City Council is required to make substantial cuts in its spending. Changes to the welfare system give residual discretionary powers to local authorities. Councillors are faced with unenviable choices. Demand for local authority services continues to grow. In particular, there is exponential growth in the number of old people and a corresponding increase in demand for social care. The strain on and competition for resources increase the demands made on elected members. New means of communication also increase the pressures on members: constituents expect an instant response.
6. In its first consideration of the members' allowance scheme and in common with many other local authorities, the Panel used the median white collar wage, discounted for an element of public service, as the method of calculating the Basic Allowance. Since then it has been updated in accordance with the annual headline pay award for local government staff. The Panel believed (and continues to believe) that the Leader of the Council, with overall responsibility for delivering vital services to a population of nearly 800,000, deserves remuneration not less than a Member of Parliament, whose average constituency size is 76,000 and who is not responsible for the delivery of services. In our earlier reports we assessed other special responsibility allowances (SRAs) as percentages of the SRA paid to the Leader, to reflect the different responsibilities and workloads of the postholders. The City Council has always agreed SRAs lower than those originally recommended by the Panel.
7. In the current financial crisis, the Council has applied further financial discipline to the members' allowances scheme. Since 2010 there have been restrictions on increases in members' allowances. During the Municipal Years 2011-12, 2012-13 and 2013-14 Members approved a proposal to take a 3% reduction on all SRAs over the value of £7,000 pa. The Council intends this reduction to continue for the year 2014/15. We recognise the financial pressure which has

prompted the council to reduce SRAs over £7,000 pa and do not suggest that that decision be reconsidered. But we believe that the amounts we have previously recommended are entirely appropriate to the responsibilities carried and we hope that they can be restored when the nation has emerged from the current financial crisis. Meanwhile we are conscious that members should bear their share of the reductions in spending. The recommendations in this report, if agreed by the Council, will contribute to a reduction in the annual cost of members' allowances of around £30,000.

8. As we mentioned in paragraph 6, we originally assessed SRAs as percentages of the SRA paid to the Leader, to reflect the different responsibilities and workloads of the postholders. Over time rounding and adjustments have blurred the original formulae. We think that it is helpful to express SRAs as a percentage of the Leader's SRA and in this report recommend restoration of the percentage formulae.

Community Committee Chairs

9. At the Annual Council meeting members approved revised governance arrangements for Area Committees (now Community Committees). Emerging from proposals from the Commission on the Future of Local Government, the changes present a major step change in the involvement and engagement of local communities in the shaping of their neighbourhoods and the delivery/improvement of services tailored to need.
10. The authority has appointed ten community committees. These are made up of either three or four electoral wards (depending on local circumstances) so that each has a population approximating to the population of the constituency of a Member of Parliament. The Community Committees are chaired by councillors from both the administration and the opposition. Over time the powers delegated by the Executive to these area based Committees has increased and now include functions relating to community centres, community safety, street cleansing, environmental enforcement and youth activities. In addition the Committees have been invested with budgets to support and pump prime wellbeing initiatives in their localities. On average these budgets are in the region of £250k per

annum. In the coming months proposals are to come forward whereby Community Committees will be engaged in locality budgeting – that is allocating, and prioritising resources based upon locally identified need. The Chairs of the Community Committees must secure the delivery of the Council’s ambitions; drive the improvement in local democratic leadership; and involve local people in the decisions that affect them and their communities. It is intended that Chairs will ensure that enhanced and effective community engagement takes place to better inform how services are designed to meet need in the locality.

11. Having regard to these substantial responsibilities the Panel believes that an increase in the region of £1,000 in the SRA payable to Community Chairs is warranted. Accordingly **we recommend that the Chairs of Community Committees receive an allowance equal to 26.25% of the Leader’s SRA.** We recognise that the role of the Community Committees is expanding and believe that the SRAs of their Chairs should be kept under review.

Chair of the Licensing Committee

12. The Licensing Committee has a substantial breadth of responsibilities, including casino licensing, licensing of sexual entertainment venues and taxis and private hire vehicles. These issues are of considerable public interest. Sub-committees consider individual issues, but the Chair must maintain an overall grasp of policy and an involvement with the Chairs of the Sub-Committees. The Panel had been aware previously that the increasing responsibilities of the Council for Licensing meant that the Chair’s SRA should be kept under review. Given the breadth of responsibilities and the frequency of meetings (including the volume of Sub-Committee meetings) **we recommend that the SRA for the Chair of the Licensing Committee be equal to 22.5% of the Leader’s SRA.**

Leader of the largest Opposition Group

13. The Opposition has a major constitutional role in holding the administration to account. Following the recent elections, there has been some criticism of 'one party states' (local authorities with no opposition members). That criticism underlines the importance of an effective opposition. The Leader of the largest Opposition Group must articulate that role among his members. **We recommend that the role warrants an SRA at 60% of the Leader's SRA.**

Group Whips

14. In our report last year we recognised that the additional responsibilities carried by the Chief Whip of the Majority Group warranted an SRA higher than that of the Whips of opposition groups. **We recommend that the Chief Whip of the majority group should receive 27.5% of the Leader's SRA; the Chief Whip of the largest opposition group should receive an SRA of 24% of the leader's SRA; and the Chief Whips of other opposition groups with 10% or more of the membership of the Council should receive an SRA of 20% of the Leader's SRA.**

Members of the Executive Board without Portfolio

15. The Executive Board includes members of the opposition. Those Members attend Executive Board meetings, although they do not have a portfolio. Hitherto members without portfolio have been eligible for the same allowance as the Executive Members who have significant portfolio responsibilities. While recognising the constitutional importance of opposition, and having recognised the specific role of the Leader of the largest Opposition Group, we think that it is equitable to differentiate between Executive members with portfolio and those without. **We recommend that Executive members with portfolio should receive 60% of the Leader's SRA and Executive members without portfolio 50% of the Leader's SRA.**

Chair of the Standards and Conduct Committee

16. The functions of the Standards and Conduct Committee have diminished substantially as a result of national legislation. In 2012 we recommended a Special Responsibility Allowance of £7,190.80 pa for the Chair of the Committee to reflect the expectation of the role to be undertaken and potential volume of casework. Having regard to developments, in 2013 we recommended that the SRA for the Chair of the Standards and Conduct Committee should be £4,793.58 pa and that this should be kept under review to ensure that it remained appropriate.
17. During 2013/14 the workload of the Chair of the Standards and Conduct Committee has been limited to chairing three committee meetings; being consulted by the Head of Paid Service on a limited number of requests for dispensations; and being regularly consulted by the Deputy Monitoring Officer on standards related matters. Given this workload, we do not believe that removal of the SRA would be appropriate but a further reduction in SRA is justified. We equate the role with that of the statutory 'independent person' and **recommend that the Chair of the Standards and Conduct Committee receive an SRA of 6.5% of the Leader's SRA.**

Chair of the Climate Change and Environment Working Group

18. Four years ago the Council created an all-party Climate Change and Environmental Working Group. The function of the Group is to help achieve cross party consensus in the development and promotion of initiatives across the Council to support the achievement of the carbon reduction targets set out in the climate change action plan. We recommended that the SRA for the role be the same as that paid to the Chair of an Area Management Committee. Although the working group continues to meet, we are told that the primary method by which cross party consensus is achieved for recent initiatives (for example Wrap Up Leeds) has been by way of the Executive Member's leadership and engagement with the working group and relevant scrutiny board. In view of this development, we **recommend that the SRA paid to the Chair of the Climate Change and Environmental Working Group should be 16% of the Leader's SRA.**

Members of the West Yorkshire Police and Crime Panel

19. The Police Reform and Social Responsibility Act 2011 created a new West Yorkshire Police and Crime Panel (PCP). The PCP became operational on 2 September 2012. It operates as a joint committee with members from the five West Yorkshire local authorities. Wakefield City Council is the lead authority. Leeds City Council has three positions on the PCP, including the Chair.
20. The PCP is responsible for scrutinising the decisions of the Police and Crime Commissioner (PCC) and assisting him in carrying out his functions. It now provides the public forum in which the PCC can be held to account and policing strategy subject to public examination. It is still in a state of evolution but is clearly developing into a most important County-wide body. It has the power to:
 - require the PCC, a member of his staff or the chief constable to attend the panel;
 - veto the PCC's proposed precept if two-thirds of the PCP agree to do so;
 - veto the PCC's proposed appointment of a Chief Constable if two-thirds of the PCP agree to do so;
 - review the PCC's draft police and crime plan;
 - review the PCC's annual report;
 - hold confirmation hearings for the PCC's proposed chief executive, chief finance officer and deputy PCC; and
 - deal with any complaints made about the PCC.
21. Payment of allowances to members of the PCP is in the discretion of the appointing authorities. In our 2013 report we considered that the workload of PCP members was likely to be equivalent to that of a scrutiny chair. The average payment for this role across the five authorities was, we were then told, £11,716. Accordingly we recommended that the three Leeds City Council members of the West Yorkshire Police and Crime Panel should receive a special responsibility allowance of £11,716 (now £11,833.08). This recommendation was accepted by the Council. Similar figures were recommended to and agreed by the Bradford and Wakefield City

Councils. Substantially lower allowances were recommended to and agreed by Calderdale and Kirklees Councils.

22. We have now been advised by the Lead Authority that the five West Yorkshire Leaders have agreed that paying all PCP members the same allowance is the preferred approach in the interests of fairness. We agree. At a meeting on 16 June 2014 the Chairs of the Independent Remuneration Panels (IRPs) of the five West Yorkshire authorities met in Wakefield to consider and agree a joint approach to payment of Special Responsibility Allowances to the PCP members. As the functioning of the PCP has evolved, it has become clear that the time commitment required of the 'ordinary' member does not justify an SRA of £11,833.08 but that the responsibility and workload of the Chair certainly does justify such an amount. After considering relativities and in order to achieve consistency, it was agreed by the Chairs that they would recommend to their respective Panels that the Special Responsibility Allowance to be paid to the members of the PCP should be £6,000 and the SRA paid to the Chair should be the average of the SRA paid to West Yorkshire Scrutiny Committee chairs, ie £11,000. [Bearing in mind the workload of the post, the Panel also recommended that the member with special responsibility for complaints should receive an additional SRA of £1,000. However he is not a Leeds member and therefore the recommendation is not relevant to the City Council's members' allowances scheme.] In order to simplify the process of achieving consistency, the Panel also recommended that in future years the PCP set its allowances on the recommendation of an Independent Remuneration Panel. Clearly the role and prominence of the PCP will continue to evolve and we believe that the allowances paid should be kept under review. In order to achieve consistency now we are prepared to adopt the recommendation of the Chairs of the IRPs and **recommend to the City Council that the Chair of the PCP should receive a Special Responsibility Allowance of £11,000; and other Leeds members of the PCP should receive a Special Responsibility Allowance of £6,000.**

Pensions

23. The Regulations introduced the potential for councillors' allowances to be pensionable upon the recommendation of the relevant Independent Panel. We have consistently recommended that councillors should be eligible for pensions. Current councillors are often retired and have an average age of 60. It is increasingly desirable to attract a younger cohort of people to serve on councils. Access to a pension scheme is one way of achieving this. Councillors below retirement age – especially those with lead responsibilities – must surrender earning potential elsewhere, earning potential which would normally be pensionable. It seems perfectly reasonable that allowances attracted by service as a councillor should be pensionable.
24. However, in March 2014 the Government laid before Parliament Regulations which would end the right of councillors to enter the local government pension scheme. These Regulations would extend not only to councillors but also to elected mayors (including the Mayor of London) and members of the Greater London Assembly, though Police and Crime Commissioners will retain their right of access to the pension scheme.
25. Councillor Sir Merrick Cockell, then Chair of the Local Government Association responded: 'The government's decision isn't about saving money, it is fundamentally about undermining the role of a councillor and undermining the role of local democracy'. He added: 'Fair remuneration is important so that people from all walks of life can afford to stand for office. Otherwise we risk local government becoming the exclusive preserve of a privileged few who have the luxury of time and money to spare.' His remarks were endorsed by Cllr Gary Porter, Leader of the Local Government Association's Conservative Group, who pointed out that 'councillors are spending more time supporting their constituents and working with external organisations such as GPs, schools, police, local businesses and voluntary organisations. Secondly, recruitment and retention is becoming increasingly difficult... the commitment involved can be a deterrent when set against a possible loss of earnings and a potentially negative effect on their careers.'

26. We believe that access to a pension scheme can be an important factor in making service as a councillor financially possible for a wider range of people. It is particularly important for those who, like leaders and portfolio holders, give most or all of their time to service in local government and lose the opportunity to contribute to a pension scheme elsewhere. We would very much like the Government to reconsider this decision.

Other Special Responsibility Allowances

27. In order to establish all Special Responsibility Allowances as a percentage of the Leader's Special Responsibility Allowance, there are relatively minor adjustments to other figures. These are set out in the Schedule. **We recommend that the Council adopt the allowances set out in the Schedule, expressed as percentages of the Leader's SRA.**

Indexation

28. We continue to recommend that the members' allowances be updated annually in accordance with the headline figure of the national local government pay settlement.

RECOMMENDATIONS

- (a) The Chairs of Community Committees should receive an SRA equal to 26.25% of the Leader's SRA.**
- (b) The SRA for the Chair of the Licensing Committee should be equal to 22.5% of the Leader's SRA.**
- (c) The Leader of the largest Opposition Group should receive an SRA equal to 60% of the Leader's SRA.**
- (d) The Chief Whip of the majority group should receive an SRA equal to 27.5% of the Leader's SRA; the Chief Whip of the largest opposition group should receive an SRA equal to 24% of the leader's SRA; and the Chief Whips of other opposition groups with 10% or more of the membership of the Council should receive an SRA equal to 20% of the Leader's SRA.**
- (e) Executive members with portfolio should receive 60% of the Leader's SRA and Executive members without portfolio 50% of the leader's SRA.**

- (f) the Chair of the Standards and Conduct Committee should receive an SRA of 6.5% of the Leader's SRA.**
- (g) the SRA paid to the Chair of the Climate Change and Environmental Working Group should be 16% of the Leader's SRA.**
- (h) the SRA paid to the Chair of the West Yorkshire Police and Crime Panel should remain at £11,000 and other Leeds members of the Panel should receive a Special Responsibility Allowance of £6,000.**
- (i) With the exception of the county-wide PCP members, the Council should adopt the allowances set out in the Schedule, expressed as percentages of the Leader's SRA.**

Rodney Brooke (Chair)
Dave Fortune
Matthew Knight
Carolyn Lord

18 June 2014

SCHEDULE 1
PROPOSALS FROM THE IRP:
ALLOWANCES 2014/15¹

BASIC ALLOWANCE – All Members	£14,928.84	
SPECIAL RESPONSIBILITY ALLOWANCES -		% of Leader's Allowance
Leader of the Council	£38,642.16	100%
Deputy/Designated Leader	£25,117.40	65%
Leader of the Opposition	£23,185.30	60%
Members of the Executive Board with portfolio	£23,185.30	60%
Members of the Executive Board without portfolio	£19,321.08	50%
The Chairs of Scrutiny Boards	£19,321.08	50%
Chief Whip (Group with overall majority in Council)	£10,626.59	27.5%
Whip of the Largest Opposition Group	£9,274.12	24%
The Whips with more than 10% of membership of the Council	£7,728.83	20%
The Deputy Whips of groups with 20% or more of the membership of the Council (one per group)	£4,830.27	12.5%
The Chairs of the Plans Panels	£13,524.76	35%
Chair of West Yorkshire Police & Crime Panel (1 ²)	£11,000.00	Fixed sum
Members of the West Yorkshire Police & Crime Panel (3 ³)	£6,000.00	Fixed sum

¹ For the purposes of clarification, all entitlements throughout the Members' Allowances Scheme which entail exceeding a percentage of membership of the Council should be interpreted as being rounded up to the next whole number of Councillors.

² Only payable if a Leeds City Council Member is appointed chair

The Chairs of Community Committees (10)	£10,143.57	26.25%
The Chair of the Climate Change & Environment Working Group	£6,182.75	16%
The Chair of the Licensing Committee	£8,694.49	22.5%
Additional payment for Members of the Licensing Committee ⁴	£579.63	1.5%
The Chair of Standards & Conduct Committee	£ 2,511.74	6.5%
The Chair of Corporate Governance & Audit Committee	£7,728.43	20%
The Chair of the Development Plans Panel	£4,830.27	12.5%
Deputy Executive Members ⁵	£11,592.65	30%
Support Executive Members	£4,830.27	12.5%
Opposition Group Officer Holders	£4,830.27	12.5%
with more than 40% of membership of the Council (5)		
with more than 30% of membership of the Council (4)		
with more than 20% of membership of the Council (3)		
with more than 10% of membership of the Council (2)		

³ Two allowances only if a Leeds City Council Member is appointed as chair

⁴ Payable for each Member of the Licensing Committee allocated to any special sub-committee required to meet in a concentrated period on specific subjects

⁵ The Leader may determine the number of Deputy & Support Executive Members provided that the allowances paid do not exceed the equivalent payment of 4 x Deputy and 9 x Support Executive Members

Lord Mayor ⁶	£17,388.97	45%
The Chair of Leeds Grand Theatre Board (and any similar positions that may be similarly affected by the VAT regulations)	£579.63	1.5%
Statutory Co-optees on Scrutiny Board (5)	£579.83	1.5%
The Council's appointed Independent Person	£2,511.74	6.5%

⁶ The Special Responsibility Allowance payable to The Lord Mayor is without prejudice to the Lord Mayor's Allowance which is paid against receipts to cover expenses.