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Supplementary information for 31st October 2007 Council meeting

Item 5c- Members Allowances

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Report of the Chief Democratic Services Officer

Report to Council

Date: 31st October 2007

Subject: Members Allowances

Electoral Wards Affected:

Ward Members consulted
(referred to in report)

Specific Implications For:

Equality and Diversity

Community Cohesion

Narrowing the Gap

1.0 INTRODUCTION

- 1.1 This report advises Council of the receipt of two reports from the Independent Remuneration Panel and asks Council to make a number of changes to the Members' Allowances Scheme.

2.0 BACKGROUND

- 2.1 Council is required to determine a Members' Allowances Scheme, having regard to recommendations from an Independent Remuneration Panel.
- 2.2 In determining or varying its Members' Allowances Scheme, Council may modify, accept or reject any such recommendations from the Independent Remuneration Panel as it considers appropriate.
- 2.3 Council is advised that the Independent Remuneration Panel published reports in June and October 2007, copies of which are attached at appendix A and appendix B. Council will also note that figures shown in the October report have been updated by the Panel to take account of inflation.
- 2.4 The Administration has indicated that it would wish to recommend to Council the following response to the recommendations made by the Panel in its June and October reports.

“That the recommendations of the Independent Remuneration Panel Reports dated June 2007 and October 2007 be approved and adopted subject to the following amendments:

- (i) In recommendation (d) of the October Independent Remuneration Panel report *add* at the end of the current sentence the words “with effect from the beginning of the 2007-08 municipal year;
- (ii) Replace recommendation (f) of the October Independent Remuneration Panel report with the following;

the special responsibility allowance paid to Leaders of Opposition Parties with over 20% of Council membership should be £23,556 backdated to the start of the 2007-08 municipal year”

2.5 The adoption of amendment (i) would have the effect of increasing the basic allowance to £13,899 and not £13,889 as indicated in the October report

2.6 The effect of the amendments is that Council would adopt the following:

“That the recommendations of the Independent Remuneration Panel dated June 2007 and October 2007, as amended above, be approved and adopted as follows:

- (a) the basic allowance should be increased to £13,899 with effect from the beginning of the 2007-08 municipal year;
- (b) to replace Lead Members with up to eight Deputy Executive Members and up to four Opposition Group Office Holders receiving a special responsibility allowance of £4,507
- (c) the Chair of the Corporate Governance and Audit Committee should receive a special responsibility allowance of £4,507 backdated to the start of the 2007-08 municipal year;
- (d) the Chair of the Development Plans Panel should receive a special responsibility allowance of £4,507 backdated to the start of the 2007-08 municipal year;
- (e) the special responsibility allowance paid to Leaders of Opposition Parties with over 20% of Council membership should be £23,556 backdated to the start of the 2007-08 municipal year
- (f) the special responsibility allowance paid to the Whips of groups with more than 10% of membership of the Council should be increased to £8,452 backdated to the start of the 2007-08 municipal year;
- (g) all four independent members of the Standards Committee (including Parish Members) should receive the cooptees' allowance of £544 from the start of the Municipal Year 2007-08.

- (h) the Chair of the Overview and Scrutiny Committee should receive a special responsibility allowance of £18,845 with immediate effect.
- (i) the recipients of all other allowances which were not accorded an increase for inflation in 2006-07 should receive such an increase of 2.95% with effect from the beginning of the 2007-08 municipal year;
- (j) in the light of recent increased charges for Members who pay to use the Civic Hall car park they should be reimbursed the cost of car parking when they are unable to park in the Civic Hall car park and have to pay to park elsewhere;
- (k) the present annual payment of £50 required from members for the personal use of Council ICT equipment should be unchanged
- (l) Members in receipt of a special responsibility allowance from the City Council should be allowed to draw a special responsibility allowance from outside bodies on which they are nominated to serve by the City Council.“

2 RECOMMENDATIONS

- 3.1 Council is asked to approve amendments to the Members' Allowances Scheme as detailed in paragraphs 2.6 of this report.
- 3.2 Council is asked to authorise the Assistant Chief Executive (Corporate Governance) to make any consequential changes to the Members' Allowances Scheme.

LEEDS CITY COUNCIL

Report of Panel on Members' Allowances

June 2007

Introduction

1. The Independent Panel on Members' Allowances was appointed by the Council to make recommendations on Members' Allowances in accordance with the relevant Regulations and the Government's statutory guidance. The Panel comprises Rodney Brooke CBE (Chair), Trevor Nuttall, Carolyn Stephenson and Gordon Tollefson.
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 were accepted, in some cases with modifications.
3. The Panel has now been asked to consider further matters relating to the Scheme.

Basic Allowance

4. The Members' Allowances Scheme makes provision for the annual updating of basic, special responsibility, co-optees' and dependants' (children) carers' allowances in line with the headline pay increase negotiated through the National Joint Committee for Local Government Employees; for the annual updating of dependants' (other than children) carers' allowance in line with the rate paid by the Department of Social Services (now Adult Services); and for the annual updating of travel and subsistence allowances in accordance with the rates claimable by officers. In our report of July 2006 we recommended that the updating should continue until September 2010, the maximum period allowed by Regulation 10(5) of the Local Authority (Members' Allowances) (England) Regulations 2003.
5. In the event, the Council declined to update for inflation the basic and special responsibility allowances in 2006-07. We expressed our disagreement with this decision. We feared that the ground thus lost would not easily be clawed back and that future increases above inflation could meet with adverse publicity. There is an overwhelming need not merely to recognise the vital contribution to civic life made by councillors - but also a crucial need to continue to attract able people who can give the time to work as councillors. It is highly desirable to secure councillors who are more representative of the community as a whole, in terms of age, gender and ethnic origin. The Council should have regard to the May 2006 report by Sir Michael Lyons, which records the fact that councillors are 'unrepresentative, poorly rewarded and under-valued'. Sir Michael expresses the belief that 'concerted effort is required to make becoming (and remaining) a councillor more attractive'. In uncoupling allowances from inflation, we believe that the Council would be acting contrary to the long-term interests of the City and to the tenor of Government policy as represented by Sir Michael. In our report of October 2002 we said that *The need for able councillors is*

particularly crucial in a great City like Leeds. It is the second largest Metropolitan District Council in England, with a population of 727,000 and an annual budget of £1.5bn (now £1.84bn), greater than many nation states...It is pivotal to the success of the Yorkshire region. Such a vital and important city should not jeopardise its governance. In our July 2006 report, we urged the Council to relinquish its intention to change the members' allowances scheme by removing the link to inflation. We believe that such a short-term measure could jeopardise the future recruitment of councillors.

6. Unsurprisingly there is now a feeling in the Council that the basic allowance of £13,137 has fallen behind that paid in similar authorities. It is less than the £15,148 paid (2006-07) in Birmingham and the £14,214 paid (2007-08) in Manchester. It is greater than that paid in other English local authorities, where the average basic allowance for metropolitan districts is £9,512 (2006-07), but less than the basic allowance fixed by the Scottish Executive for Scottish councillors (£15,452). Moreover, it includes travelling and subsistence for journeys within the City, which is not the case in Birmingham, Manchester and Scotland. We believe that it should be increased from the beginning of the 2007-08 municipal year by the inflation increase of 2.95% which was not applied in 2006. This would increase the basic allowance to £13,524.
7. We are sympathetic to the case for a further increase. However, we must have regard to the fact that nearly 66% of Leeds councillors receive a special responsibility allowance, including 19 lead members. In its guidance (2003) on the current Members' Allowances Regulations, the Government said 'If the majority of members of a council receive a special responsibility allowance the local electorate may rightly question whether this was justified... It does not follow that a particular responsibility which is vested to a particular member is a significant extra responsibility for which a special responsibility allowance should be paid.' There must be a presumption that if the greater proportion of members have an entitlement to a special responsibility allowance, then in some cases the extra task for which they are entitled to be paid could be regarded as falling within the Basic Allowance. In smaller Councils there may well be a need to exceed the 50% target, simply because there are more jobs to be done that can be discharged by half the members of the Council. This cannot apply to a Council with 99 members. Though we understand the special political circumstances in the Council, we have already expressed our unhappiness with a structure which gives such a result. We again express the hope that the Council will review the political structure with a view to curtailing the numbers of those eligible for a special responsibility allowance.
8. Meanwhile we accept the Government guidance. There must be a question as to whether some of those receiving special responsibility allowances are undertaking duties which should be regarded as part of the normal tasks of a frontline councillor. We urge the Council to review the number of lead members or other posts receiving special responsibility allowances. Were it to do so, then we would be prepared to look again at the basic allowance. Meanwhile we recommend that **the basic allowance should be increased to £13,524 with effect from the beginning of the 2007-08 municipal year.** A further increase for inflation will be due in October 2007.

Other allowances

9. For the same reasons as those which prompt us to recommend an increase for inflation in the basic allowance, we recommend that **the recipients of all other allowances which were not accorded an increase for inflation in 2006-07 should receive such an increase with effect from the beginning of the 2007-08 municipal year.** The figures for special responsibility allowances which follow in this report are the amounts paid at the time of writing this report and are, therefore, subject to our recommendation for an inflation uplift from the beginning of the 2007-08 municipal year.

Chair of Corporate Governance and Audit Committee

10. This Committee, concerned with governance of the Council, has until recently been chaired by the Leader (or Alternate Leader) of the Council, so that the question of a special responsibility allowance did not arise. It is now chaired by a councillor receiving no special responsibility allowance. We appreciate the importance of the Committee. Indeed, we are aware that in a number of authorities such a Committee is chaired by an independent non-councillor. Given the role of the Committee and its Chair, we believe that payment of a special responsibility allowance is justified. Since it fulfils a governance role analogous to that performed by the Standards Committee, we believe that the appropriate comparator is the special responsibility allowance paid to the Chair of the Standards Committee (£4,576). Accordingly, we recommend that **the Chair of the Corporate Governance and Audit Committee should receive a special responsibility allowance of £4,576.**

Chair of the Development Plan Panel

11. Like the Corporate Governance and Audit Committee, this Panel has hitherto been chaired by a member already receiving a special responsibility allowance. In this case it was the Executive Member for Development. Therefore no special responsibility allowance was needed. The Panel meets ten or twelve times per year and advises the Council and the Executive on various planning matters. We believe that this advisory role is commensurate with other roles rewarded in the Allowances Scheme by a special responsibility allowance of £4,378. Accordingly, we recommend that **the Chair of the Development Plans Panel should receive a special responsibility allowance of £4,378.**

Members of the Standards Committee

12. From the beginning of the municipal year, the Council has decided to increase the number of independent members of the Standards Committee by one and the number of Parish Members by one. In view of the increased duties of the Standards Committee, this seems to us entirely reasonable. Accordingly, we recommend that **all four independent members of the Standards Committee (including Parish Members) should receive the cooptees' allowance of £528.**

Car Parking

13. The Basic Allowance includes all expenses in relation to travelling and subsistence within the City. Accordingly members are charged to use the Civic Hall car park. The diminished size of the car park means that on occasion members are unable to find a car space there and must pay to go elsewhere. Since councillors pay for a

facility which may not be available, we consider it entirely reasonable that they should be reimbursed the cost of car parking when the Civic Hall car park is full. We recommend that **members who pay to use the Civic Hall car park should be reimbursed the cost of car parking when they are unable to park in the Civic Hall car park and have to pay to park elsewhere.**

Use of ICT equipment

14. The Members' Allowances Scheme provides that members should make an annual payment of £50 for personal use of Council ICT equipment installed in their own homes. This figure has been unchanged for some years. During that time there has been substantial inflation. But there has also been a substantial drop in the cost of ICT equipment. The Standards Committee has considered the matter and came to the view that the current level of charge is appropriate. We concur with the Standards Committee and recommend that **the present annual payment of £50 required from members for the personal use of Council ICT equipment should be unchanged.**

Special Responsibility Allowances for Outside Bodies

15. In the interests of transparency and fairness, we have throughout been clear that members should not be entitled to draw more than one special responsibility allowance in respect of City Council duties. In our October 2003 report, we recommended that the Council should consider whether this principle should extend further, so that members should not accept special responsibility allowances from both the City Council and a joint authority. This has been interpreted to preclude Leeds City Council members from drawing a special responsibility allowance to which they would otherwise have been entitled from outside bodies on which they might be nominated to serve by the City Council, like the Fire Authority or the Passenger Transport Authority. [They are allowed to draw the basic allowance from the other body.] This interpretation is not shared by other West Yorkshire local authorities, who do not impose the same restriction. We believe that the Members' Allowances Scheme in Leeds should be brought into line with the other West Yorkshire local authorities by allowing members to claim special responsibility allowances from other bodies on which they might serve as a representative of the City Council. We are, though, concerned that the assumption of a major and well-remunerated post in such an authority at the same time as holding such a post in the City, would raise legitimate questions in the public mind about the amount of time the councillor was able to devote to both duties. We do not expect the recipient of a substantial special responsibility allowance in the City to serve in a similarly well-remunerated senior post elsewhere. Subject to that view, we recommend that **members in receipt of a special responsibility allowance from the City Council should be allowed to draw a special responsibility allowance from outside bodies on which they are nominated to serve by the City Council.**

Whips

16. We accept that the Whips act as the business managers of the Council and ensure the smooth transition of business in a complex political environment. We accept that their role is vital to the efficient functioning of the Council. We believe that the growth in their duties over the years justifies a moderate increase in their special responsibility allowance, currently £7,207. We believe that the roles are at least as

onerous as the Chairs of the Area Management Committees. Accordingly we recommend that **the special responsibility allowance paid to the Whips of groups with more than 10% of membership of the Council should be increased to £8,210.**

General

17. We have received other representations on the current scheme of allowances. We believe that the case for other changes has not yet been made, but we reiterate our view that any substantial change in the political structure of the Council should prompt a complete review of the Members' Allowances Scheme.

Summary of Recommendations

- (a) the basic allowance should be increased to £13,524 with effect from the beginning of the 2007-08 municipal year;
- (b) the recipients of all other allowances which were not accorded an increase for inflation in 2006-07 should receive such an increase with effect from the beginning of the 2007-08 municipal year;
- (c) the Chair of the Corporate Governance and Audit Committee should receive a special responsibility allowance of £4,576;
- (d) the Chair of the Development Plans Panel should receive a special responsibility allowance of £4,378;
- (e) all four independent members of the Standards Committee (including Parish Members) should receive the cooptees' allowance of £528;
- (f) Members who pay to use the Civic Hall car park should be reimbursed the cost of car parking when they are unable to park in the Civic Hall car park and have to pay to park elsewhere;
- (g) the present annual payment of £50 required from members for the personal use of Council ICT equipment should be unchanged;
- (h) Members in receipt of a special responsibility allowance from the City Council should be allowed to draw a special responsibility allowance from outside bodies on which they are nominated to serve by the City Council; and
- (i) the special responsibility allowance paid to the Whips of groups with more than 10% of membership of the Council should be increased to £8,210.

**Rodney Brooke
Trevor Nuttall
Carolyn Stephenson
Gordon Tollefson**

June 2007

LEEDS CITY COUNCIL

Report of Panel on Members' Allowances

October 2007

Introduction

1. The Independent Panel on Members' Allowances was appointed by the Council to make recommendations on Members' Allowances in accordance with the relevant Regulations and the Government's statutory guidance. The Panel comprises Sir Rodney Brooke CBE DL (Chair), Trevor Nuttall, Carolyn Stephenson and Gordon Tollefson.
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 were accepted, in some cases with modifications.
3. In June 2007 the Panel issued a report which, *inter alia*, expressed the hope that the Council would review its political structure with a view to curtailing the numbers of those eligible for a special responsibility allowance. If it did so, the Panel indicated sympathy with the idea of increasing the basic allowance paid to all councillors.
4. Members of the Council have given informal consideration to the report and have asked the Panel to consider various issues.

Chair of Corporate Governance and Audit Committee

5. In our June 2007 report we proposed a special responsibility allowance of £4,576 for the Chair of the Corporate Governance and Audit Committee. This is the amount paid to the Chair of the Council's Standards Committee. Instead we have received an informal suggestion that the special responsibility allowance should be £4,378, the amount of a number of special responsibility allowances paid by the Council, including those paid to Lead Members. Updated for inflation, this allowance now amounts to £4,507. We have no objection and are prepared to recommend that **the Chair of the Corporate Governance and Audit Committee should receive a special responsibility allowance of £4,507.**

Car Parking

6. It has been pointed out to us that there have been recent increases in charges for car parking. We are happy to amend our recommendation to read that **in the light of recent increased charges for Members who pay to use the Civic Hall car park, they should be reimbursed the cost of car parking when they are unable to park in the Civic Hall car park and have to pay to park elsewhere.**

Review of positions carrying a special responsibility allowance

7. We are told that there is an intention to replace 19 Lead Members and one Office Holder for each Opposition group with 10% or more of the membership of the Council by eight Deputy Executive members and four Opposition Group Office Holders (for allocation to Opposition Groups with 10% or more of the membership). We believe that this would be a more understandable and transparent arrangement than the present. We recommend that the special responsibility allowances paid are the same as those currently paid, ie that **up to eight Deputy Executive Members and up to four Opposition Group Office Holders should receive a special responsibility allowance of £4,507** (updated for inflation since our June report).

Basic Allowance

8. In view of the reduction in the number of special responsibility allowances (as set out in the previous paragraph), we propose to implement our intention to recommend an increase in the basic allowance. The savings made by the reductions in the previous paragraph would permit the payment of a further £364 to each member without additional cost to the Council. The basic allowance would thus be increased to £13,889 (after adjustment for inflation). Accordingly (with effect from the date of the reduction in the number of Lead Members) we recommend that **the basic allowance be increased to £13,889.**

Chair of Overview and Scrutiny Committee

9. The Overview and Scrutiny Committee has a co-ordinating rather than a directing role (though it does have the responsibility for operating the call-in mechanism) .It has been suggested to us that the special responsibility allowance attaching to the Chair of the Committee would be most appropriately linked to the allowances paid to the Chairs of the Scrutiny Boards. We agree and accordingly recommend that **the Chair of the Overview and Scrutiny Committee should receive a special responsibility allowance of £18,845** (after updating for inflation).

Leader of the largest Opposition Party with over 20% of Council membership.

10. Currently, the largest opposition party is the largest party on the Council. Its Leader carries a substantial responsibility for maintaining that opposition which fulfils a vital role in British democracy. Yet his special responsibility allowance is the same as that paid to other members of the Executive. We believe that the position of the Leader of the largest opposition party should be

recognised by a higher special responsibility allowance and consider that the appropriate link is to the special responsibility allowance of the Alternate Leader , viz £23,556 (after updating for inflation). We record our long-held view that the senior members of the Council merit higher levels of special responsibility allowance than those presently agreed by the Council. We have, for example, no hesitation in regarding the job of Leader of the Council as at least equivalent to that of a back-bench Member of Parliament, who currently receives a salary of £60,675. Indeed the Leader of Birmingham City Council currently receives £67,516 (the combined total of the basic allowance and special responsibility allowance). This seems to us entirely appropriate. Holding this view, we have no hesitation in endorsing an increase for the Leader of the Opposition. Accordingly we recommend that **the special responsibility allowance paid to the Leader of the largest Opposition Party with over 20% of Council membership should be £23,556**. This increase is almost entirely paid for by the reduction in the special responsibility allowance which we recommend in the previous paragraph.

Implementation

- 11. We recommend that the changes recommended in this report should be implemented with immediate effect, except for the recommendation of the increase in the special responsibility allowance for the Leader of the largest Opposition Party, which should be backdated to the start of the 2007-08 municipal year.**

Conclusion

12. The other recommendations in our report of June 2007 are unchanged.

Summary of Recommendations

- (a) the Chair of the Corporate Governance and Audit Committee should receive a special responsibility allowance of £4,507.**

- (b) in the light of recent increased charges for Members who pay to use the Civic Hall car park, they should be reimbursed the cost of car parking when they are unable to park in the Civic Hall car park and have to pay to park elsewhere.**
- (c) up to eight Deputy Executive Members and up to four Opposition Group Office Holders should receive a special responsibility allowance of £4,507.**
- (d) the basic allowance be increased to £13,889.**
- (e) the Chair of the Overview and Scrutiny Committee should receive a special responsibility allowance of £18,845.**
- (f) the special responsibility allowance paid to the Leader of the largest Opposition Party with over 20% of Council membership should be £23,556.**
- (g) the changes recommended in this report should be implemented with immediate effect, except for the recommendation of the increase in the special responsibility allowance for the Leader of the largest Opposition Party, which should be backdated to the start of the 2007-08 municipal year.**

Rodney Brooke
Trevor Nuttall
Carolyn Stephenson
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October 2007

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