

CITY OF SUNDERLAND MEMBERS' ALLOWANCES SCHEME

REPORT OF THE INDEPENDENT REMUNERATION PANEL: REVIEW OF MEMBERS' ALLOWANCES SCHEME

1.0 Introduction

- 1.1 The Independent Remuneration Panel operates in accordance with the Local Authorities (Members' Allowances) (England) Regulations 2003. The terms of reference for the Panel are attached at Annex 1.
- 1.2 The Regulations are supported by detailed guidance issued by the former Office of the Deputy Prime Minister and Inland Revenue (the Guidance) to which the Panel has had regard in formulating its proposals.

2.0 Background

- 2.1 In September 2012, the Remuneration Panel considered a number of proposed changes to the Council's Members' Allowances Scheme which were designed to align the Scheme with changes to the Council's Executive and Committee arrangements. The Panel accepted that, in view of the scale and extent of the proposed changes, it was likely that there would be a degree of learning and development for all concerned. It therefore suggested that it would be beneficial to review experience of the initial period of their operation after, approximately, one year and this has been undertaken as part of the current review. In addition, the Panel has considered a number of representations made by members as part of both the previous and current review, which are also addressed in this report.

3.0 The Review Process

- 3.1 The Panel considered information provided by Officers which included;
 - i. written representations received from Members
 - ii. documentation provided by the Council which included
 - the background to the review of the Council's Executive and Committee arrangements which was carried out in 2012
 - the current position with regard to implementation of planned improvements
 - areas identified for further refinement and improvement in the light of experience of operating new arrangements
 - information regarding allowances paid by other authorities in the region

- iii. 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 also met with representatives of each political group on the Council.
- 3.3 The Panel records its gratitude for the assistance provided by Members and Officers.

4.0 Sunderland Way of Working to Community Leadership Council

- 4.1 The Panel noted that, since it had last met, the Council had launched the next phase of its transformation to meet the challenges and opportunities of, principally, rising demand and expectations and falling budgets.
- 4.2 Over this time the Council had moved forwards from the Sunderland Way of Working to focusing upon its core role as Community Leader and how it could deliver this role most effectively. This was the direction of travel envisaged when the Council carried through its fundamental review of Executive and Committee arrangements. Implementation of these new arrangements had provided a framework within and around which its continued development as a Community Leadership Council was being planned and delivered.
- 4.3 The Panel confirmed its understanding of the revised Executive and Committee arrangements, however its focus was on the roles and responsibilities of the individual positions within that structure.

5.0 Review of Operation of the Revised Executive and Committee Arrangements

- 5.1 The Panel reviewed each main element of the Council's Executive and Committee arrangements – some of which had also been the subject of representations from individual Members – as follows:

- i. **Cabinet:** The reduction of Cabinet from ten to eight members had been operating since May 2012. The Panel was advised that the new arrangements were operating effectively. Rationalised Portfolios had eased Cabinet's alignment with recent, parallel Officer restructuring around the Council's PEOPLE, PLACE and ECONOMY strategic themes.

In addition, the Panel was advised that, together with enhanced capacity provided by Policy Members, Cabinet restructuring had enabled Cabinet to support a strong and growing local, sub-regional and regional agenda and to support the Leader's role as a member of the European Committee of Regions. New Cabinet arrangements had also supported the Council's continued chairmanship of the Association of North East Councils, the Council's engagement with the Local Enterprise Partnership and significant new ventures such as development of plans for the Combined Authority, Chairmanship of the

national Key Cities network and the Council playing a leading role in the new Co-operative Councils Innovation Network.

- ii. **Policy Members:** The Panel gave careful consideration to these positions in the light of representations received that questioned the duties and responsibilities of these roles. The Panel considered the role of policy members in supporting the work of Cabinet on the Council's strategic objectives and in their championing of important issues.

The Panel was advised that, notwithstanding the above, there remained a general need to build on the foundations that had been laid for these roles and in the light of the representations received, the Panel recommended that efforts were made to strengthen wider understanding amongst Members of the role and contribution of Policy Members.

- iii. **Area Committees, Place and People Boards:** The Panel received information regarding the operation of the area governance arrangements and the role of the Place and People Boards in underpinning the Council's approach to the decentralisation to the Area level of decision-making on a range of important, high profile services.

The Panel was advised that monthly Area People and Place Boards reporting to Area Committees had promoted more locally responsive environmental improvements through the Responsive Local Services initiative. The work programme for Area Committees and Boards in 2013/2014 included further major drives on welfare reform, public protection and core strategy and supporting efficiency savings within Adult Social Care through co-production and capacity building with community groups.

The Panel received a representation from an individual Member in relation to the comparability of the Special Responsibility Allowance attached to the roles of Area Committee Vice Chairman and Scrutiny Lead Member. However the Panel remained of the view that in the light of the responsibility placed upon Area Committee Vice Chairmen to support the Council's major drive for service decentralisation, the current levels of remuneration were appropriate.

- iv. **Streamlined Scrutiny Arrangements** - The Panel was reminded that the new scrutiny commissioning model replaced seven former Scrutiny Committees with one Scrutiny Committee supported by six Scrutiny Lead Members, each with a specific remit and supporting Panel. The Panel was advised that this streamlined approach had been supported by members, officers, partners and communities.

The new Scrutiny Committee had brought together all core scrutiny activities through its new co-ordinating role and in doing so had demonstrated its capacity to undertake statutory responsibilities more efficiently and be more focused, flexible and responsive in the delivery of its work programme.

- v. **Other Main Committees:** The Council's Licencing and Regulatory Committees had operated on a frequent, regular and effective basis with no significant issues identified.

The Panel had received a representation from an individual Member requesting an increase to the Allowances currently attached to the posts of Chairmen of Development Control and Planning and Highways Committees. The Panel was advised that there had been no significant change in the role and responsibilities of these positions, nor was the Council yet in a position to confirm how it planned to discharge its responsibilities in these areas in the future. The Panel did not therefore consider it appropriate to recommend any change to the levels of remuneration for these roles.

- vi. **Adoptions and Permanency Panels:** The Panel was advised that the two Panels concerned had continued to hold frequent meetings and transact significant business since new arrangements were introduced.

The Panel noted that the main issue highlighted during the year related to an anomaly concerning the Council's Fostering Panel. The Panel was informed that this Panel was as important to achieving the Council's objectives for vulnerable children as its Adoptions and Permanency arrangements and had an equally challenging combination of workload, responsibilities and reputation pressures. However, the Member lead role on the Fostering Panel did not currently have a Special Responsibility Allowance attached to it. The Council had received representations from Members on this matter. The Panel recommended that an SRA equivalent to those attached to the Adoptions and Permanency Panel (c. 20% of that of a service Portfolio Cabinet Member - £4,184) be attached to this role.

- vii. **Personnel Committee:** The Panel was informed that the Council's Personnel Committee had been disestablished in May 2012 and had been replaced by the Human Resources Committee which had met on an ad hoc basis with no Special Responsibility Allowance attached.

6.0 Other Member Representations

- 6.1 When the Panel undertook its review of the Scheme in 2012, there were a number of written representations by Members which were deferred to be considered as part of the next review. Those matters, together with additional representations made as part of the current review, are addressed in this report.
- 6.2 One of the matters raised was the impact on Councillors who claim unemployment or sickness benefit and who only receive the Basic Allowance. The representation pointed out that for those in employment or in receipt of pension, the receipt of Basic Allowance amounted to additional income, whereas for those in receipt of benefits, the Allowance was deducted from their benefits so that in effect, they received little or no additional income to assist with meeting the cost of Ward and civic duties.

The Panel was sympathetic to the situation of such Members. However it concluded that this was not a matter that could be addressed within the Allowances Scheme. The statutory guidance on Local Authority allowances did not permit different rates of basic allowance to be paid to different Members. The individual financial position of all Members would vary to an extent and the impact of the receipt of allowances would be different for each Member. This was not, however, a matter to which the Panel could have regard. The Basic Allowance must be the same for each Member and therefore it was not possible to vary the amount paid to any individual Member in order to take account of the impact on that Member's financial situation.

- 6.3 The Panel also gave consideration to submissions regarding the cost of transport from some areas of the city to the Civic Centre and the potential difficulties for those Members who did not have their own private transport and may need to use public transport, in some cases relatively late in the evening. Again, while the Panel was sympathetic to the situation of such Members, it considered that the approach taken in the existing scheme was appropriate. Where possible, car sharing by Members should be encouraged. In addition, it was noted that the scheme did permit the use of taxis in cases of urgency or where public transport was not available or appropriate or where a Member felt that their personal safety may be compromised. The Panel considered that this gave Members an appropriate level of flexibility when determining how they should travel when undertaking civic duties and also the Panel questioned whether all Members were aware of the expenses which they were entitled to claim in respect of travel and subsistence and suggested that the Council may wish to consider issuing a guidance note to Members to remind them of those matters.
- 6.4 The Panel was also consulted regarding the Council's practice of providing refreshments for Members following full Council meetings. The Panel considered that this was a matter for the Council to determine and that what was considered an appropriate level of provision may well change over time. The Panel noted that if refreshments were not provided, a Member would be entitled in most cases to claim a subsistence allowance of £10.59. The Panel suggested that the Council should be mindful of those figures when determining the level of provision maintained. It was noted that the extent of refreshments provided had been reduced and was lower than the cost that would be incurred if Members claimed their subsistence allowance.
- 6.5 A representation had been made to the effect that Cabinet was too big. The Panel considered that the size of the Cabinet was a matter for the Leader. The Panel's role was to consider the roles and responsibilities of whatever governance arrangements the Council, or Leader, as appropriate, had determined.
- 6.6 One representation supported a review of all Special Responsibility Allowances and no increase to the Basic Allowance. Another expressed the view that Special Responsibility Allowances should be reduced and focus on roles such as Cabinet, Scrutiny Chair and Chair of Planning and Highways Committee and the Basic Allowance should be increased. The Panel was mindful that the Guidance, whilst reflecting that the legislation did not limit the number of Special Responsibility Allowances that may be paid, also stated

that if the majority of members of a council receive a Special Responsibility Allowance, the local electorate may rightly question whether this was justified. This aspect of the Guidance was also considered as part of the previous review, at which time the Panel had noted that census information available at that time indicated that Councils across the country averaged 58% of Councillors holding SRAs and that north eastern metropolitan authorities averaged 67%.

Having given careful consideration, as part of both the previous and current review, to the roles and responsibilities of the various positions within the Council's executive and committee structure, the Panel is of the view that the recommendations contained in this report are appropriate.

- 6.7 The Panel also considered representations regarding the mayoral allowances and had regard to the time commitment and responsibilities associated with these positions, together with the incurring of expenditure in undertaking the roles. The Panel also noted that there was evidence that some other authorities in the region awarded their Deputy Mayor approximately one third of the allowance awarded to the Mayor. While the Panel did not consider it appropriate to recommend any change in the allowance paid to the Mayor, in the light of the responsibilities associated with the Deputy Mayor role, the Panel recommends an increase of £1908 to the existing allowance of £3827, to take it to £5735.
- 6.8 Whilst the Panel noted that representations had been received to the effect that the total budget for Members' allowances should not increase, it considered the amendments proposed in this report to be appropriate in order to reflect the responsibilities of the posts concerned
- 6.9 The Panel received the Council's assurance that it intended to continue to refine and improve the revised Executive and Committee arrangements and that there was on-going dialogue on the practical operation of the arrangements.
- 6.10 The Panel was advised that at the current time, the Council did not foresee the need for further significant changes in its overall Executive and Committee arrangements. However as indicated earlier in this report, the Panel recommends two changes to the current Members' Allowance Scheme – the proposal to attach a Special Responsibility Allowance equivalent to that of the Adoptions and Permanency Panels to the lead Member role on the Council's Fostering Panel and the increase of the Deputy Mayoral Allowance.
- 6.11 The Panel has previously recommended the annual review of the allowances scheme and it considers that further review would be appropriate during the course of the financial year 2014 / 2015, at which time the roles and responsibilities under the revised arrangements will be further embedded, together with the development of the community leadership / ambassadorial role of the mayoralty. As part of the next review, the Panel would like to meet with a representative sample of holders of the various posts under the revised arrangements.

7.0 Recommendations

7.1 Having reviewed experience of the first full year of operation of the Council's revised Executive and Committee arrangements and having received and considered Member representations, the Remuneration Panel recommends that

- i. the current Allowances Scheme be amended to include a Special Responsibility Allowance for the lead Member role on the Council's Fostering Panel equivalent to those attached to the Member leads on the Adoption and Permanency Panels (equivalent to 20% of the Allowance attached to a Cabinet Portfolio Holder - £4,184) and the Deputy Mayor's Allowance be increased from £3827 to £5735, to take effect, if approved by the Council, from the date of such approval.
- ii. other than in respect of the amendments referred to above, the Scheme of Allowances, including the associated terms and conditions, remain unchanged.
- iii. the Scheme, as amended, also be applied in the financial year commencing 1 April 2014.
- iv in line with the approach previously supported by the Council, the Scheme be reviewed on an annual basis.

8. Summary of Proposed Allowances Scheme

A summary of the proposed level of allowances is set out in Annex 2.

John Anderson CBE – Chair

Karen Straughair

John Cuthbert

November 2013

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.

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
Membership of Fostering Panel	4,184
Co-optees Allowances	
Port Board	15,000
Audit and Governance Committee:	
Chairman	6,277
Independent member	3,139
Mayoral Allowance	17,205
Deputy Mayoral Allowance	5,735
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.