

# **MEMBERS' ALLOWANCES SCHEME**

## **REPORT OF THE INDEPENDENT REMUNERATION PANEL**

### **REVIEW OF MEMBERS' ALLOWANCES FOR 2021/2022**

#### **1. Purpose of Report**

- 1.1 To advise Council of the recommendations of the Independent Remuneration Panel, in respect of the Members' Allowances Scheme for 2021/2022.

#### **2. Background**

- 2.1 Under the Local Authorities (Members' Allowances) (England) Regulations 2003 (the Regulations), the Council must adopt a new Scheme before 1<sup>st</sup> April each year and before amending a Scheme, must have regard to the recommendations of its Independent Remuneration Panel. This report sets out the Panel's recommendations for the Scheme for the year 2021/2022.
- 2.2 In undertaking its review, the Panel had regard to guidance issued by the former Office of the Deputy Prime Minister. It also considered information regarding the allowances paid by other authorities in the region and took account of representations received.

#### **3. Review of the Scheme**

- 3.1 The Panel was advised that the proposed changes to the governance arrangements in respect of the Area committees / Place and People Boards, and the planning, highways, licensing and regulatory functions, which had been outlined to the Panel when it undertook its last review, had been approved and implemented by the Council. The Panel had anticipated receiving information at this review regarding the roles and responsibilities of the posts under the new structure, however it was informed that the Covid-19 pandemic had impacted significantly on the operation of Council business, including the conduct of business normally referred to committee. At the time of introduction of the new structures in May 2020, the Council's primary focus was on dealing with urgent business associated with addressing the impact of the pandemic on its residents in terms of health, wellbeing and economic / financial security. Whilst priority was given to these matters, the Council had recognised that non-urgent decision-making should continue so far as reasonably possible and therefore increased decision - making functions had been delegated on a temporary basis to officers, acting in consultation with the Chair of the relevant Committee. These arrangements were of particular relevance to dealing with regulatory matters such as planning and licensing applications, that ordinarily would have been referred to committee to determine.

- 3.2 The Panel was informed that legislation had been introduced during April 2020 to permit formal Council meetings to be held remotely. The necessary technology and arrangements to train members and officers in conducting and participating in such meetings had been put in place and there had been a gradual return to matters being referred to committee to determine, in accordance with the previously established arrangements. At its meeting held on 23<sup>rd</sup> September 2020, Council formally revoked the additional delegations awarded to officers to deal with “non-urgent” matters.
- 3.3 The situation over the months preceding the review had therefore not been typical of what would ordinarily be the case. The Panel therefore considers it appropriate to defer receiving detailed information regarding the roles and responsibilities of posts held under the new structure, until the various committees have experience of operating in a more settled pattern. The Panel does however note that for the immediate future, the conduct of Council meetings may continue to be somewhat different to previous experience. Officers advised the Panel that whilst it was anticipated that there would be a resumption of meetings in person at some point, and indeed the current legislation only permits remote formal meetings to take place up to 7th May 2021 , it was possible that the ability to hold remote or “hybrid” meetings (where some members attend in person and some participate remotely ) may be extended, depending upon the situation with the pandemic and/or as a result of requests by some local authorities for the additional flexibility to continue. The role of the Chairs of formal meetings may therefore include responsibility for chairing meetings held in a number of different ways, for some time yet.

#### **4. Submissions received**

- 4.1 Representations from members
- 4.1.1 On this occasion, the Panel received only one written representation from an individual member, and that was to request the Panel to review the level of basic allowance, which, it was stated, had not been increased for some 9 years. The member indicated that ward councillors had an increased workload and it was suggested that the Panel have regard to the average level of basic allowance paid in neighbouring authorities.
- 4.2 Representations by Group Leaders
- 4.2.1 Group Leaders were also offered the opportunity to address the Panel should they wish to do so. The Panel met with those representatives who accepted the invitation and their submissions are summarised below.

### 4.3 Summary of Submissions made by the Leader of the Council

4.3.1 The Panel met with the Council Leader, Cllr Graeme Miller, who referred to the importance of encouraging a wide cross section of society, in particular young people, to seek election as councillors. In this regard, the Leader requested the Panel to consider the level of basic allowance, in particular by reference to that paid at other metropolitan authorities. It was suggested that setting the level at the median position of that set by others, may be appropriate.

4.3.2 It was also observed that a number of authorities applied indexation to their allowances and it was requested that the Panel give consideration to this approach. Various indices were used by different authorities and it was suggested that for Sunderland, the allowances be linked with staff pay awards.

### 4.4 Summary of Submissions made by Opposition Group Leaders or their Representatives

4.4.1 One of the opposition groups made the following submissions:

- The number and level of SRAs paid to the majority group are too high
- There is a lack of transparency regarding how much time is committed to roles that are awarded an SRA. Not all Cabinet and Deputy Cabinet members work full time on their portfolio role, nevertheless they receive the full time allowance.
- Scrutiny Committees should be chaired by opposition members and, if that was the case, there would be no objection to the allowance being reduced.
- The SRA for Deputy Cabinet Members should be removed, with the posts being voluntary or removed, with a view to Cabinet members working full time on their brief. The Environment and Transport brief should be separated out from the Deputy Leader role and should be two discrete positions, each with their own SRA, to enable greater focus and commitment to this large and important area of policy making.
- The SRAs for all Vice Chair positions on Area Committees should be removed to bring them in line with Scrutiny Committee Vice Chairs and transfer all Area Vice Chair responsibilities to the Chair
- Reduce the 5 Area Committee Chairs' SRAs by 50%
- Reduce all Scrutiny Committee Chairs' SRAs by 50%
- Reference was made to the method of calculating opposition leaders' allowances, which was introduced following the last review. It was submitted that the workload of opposition leaders is not determined by the size of their group relative to the size of the largest group.

- If SRAs are awarded on the basis of workload, serious consideration should be given to how much work is done by opposition leaders. Comparison was made between the workload of the Chairs and Vice Chairs of Area Committees and the leaders of opposition parties.
- There should be greater equity between the SRAs paid to the Chairs of Planning and the Area Committees, the former holding meetings far more frequently, which were often of a much more complex nature.
- The basic allowance should be frozen or, if increased, this should be on the basis that it is funded by making large reductions to committee based SRAs.
- The overall amount spent on allowances should be reduced and this could be achieved with the suggestions outlined.
- It was recognised that some of the matters referred to in the submission were not part of the remit of the Remuneration Panel, however the purpose was to set the context of the group's vision of what they would wish to see.

4.4.2 Another of the opposition groups made the following submissions:

- Reduce SRAs by removing the SRA for Deputy Cabinet Members and the Vice Chair of Scrutiny Co-ordinating Committee and reducing the SRAs of all other roles, other than those already capped and others specifically referred to later in their submission. With regard to Deputy Cabinet members, reference was made to their role at formal Cabinet meetings and it appeared to be suggested that the responsibilities associated with the posts were of a minor nature.
- Reduce basic allowance by 5%. The Panel was asked to look wider than the Tyne and Wear area for comparators, and to look at other metropolitan authorities. Residents had seen cuts and "freezes" in the level of payments they received and councillors should also carry some of that burden. The basic allowance should be set at a level that was sufficient to cover food, drink, travel, broadband, phone rental etc. and there should be no additional payment for matters such as these. It was acknowledged, however, that the level of allowance should not be prohibitive and discourage individuals from becoming councillors.
- Replace the Mayor and Deputy Mayor with an unpaid elected chairperson and deputy chairperson and remove the associated allowances.
- Reduce travel and subsistence, food and drink provision, broadband and home phone allowance. Allowances/expenses should only be paid for travel outside the region. Broadband was available at the Civic Centre and many councillors would have this at home anyway.

- Adjust SRAs associated with Leader, Deputy Leader and Cabinet positions, to align the allowances with the level of political control of the Council (i.e. a similar approach to that taken to setting the allowances for the Opposition Leaders). It was suggested that the Leader's SRA be based on the political group's percentage control of the Council and capped at £37,667 based on 100% control (so, for example, if the Labour group held 49 Council seats, the allowance would be 49/75 of £37,667). The Deputy Leader and Cabinet Secretary SRAs to be set based on the political group's percentage control of the Council and capped at £25,111 based on 100% control. Cabinet members SRAs to be calculated in the same way, capped at £20,716 based on 100% control.

## **5. Conclusions and Recommendations**

- 5.1 A number of the submissions made by the opposition parties have been made to the Panel in the course of previous reviews and the Panel has considered those views in formulating its recommendations on those occasions. This is not by any means to suggest that such representations may not be submitted at successive reviews as the allowances are not "set in stone" and circumstances may change, so that a level of allowance associated with a particular post may no longer be appropriate in future years. However, the Panel is mindful that it is only relatively recently, when undertaking its review for the 2019/2020 financial year, that it met with a number of those who held positions which were awarded an SRA and received information regarding the responsibilities associated with those roles. It was clear from those representations that not all work associated with the various roles necessarily took place in the setting of a formal committee meeting. For example, Deputy Cabinet members and Area Chairs undertook support and consultation functions "behind the scenes", as well as attending formal meetings. In light of these interviews having taken place so recently, the Panel would not ordinarily seek to carry out further interviews, other than in respect of "new" posts, or posts where the underlying committee structure had changed. While the Panel would therefore wish to meet with holders of posts under the revised arrangements, for the reasons referred to earlier in our report, it has deferred this to a future review.
- 5.2 The comments received regarding the comparison of responsibilities between postholders are noted, and when undertaking full reviews, the Panel does have regard to how the level of responsibility of posts compare to each other. However, the Panel wishes to make it clear that it does not consider that its role is to provide anything resembling a "job description" for each role for which an SRA is recommended. There are no "minimum hours of work" required of any member, whether or not they are in receipt

of an SRA, nor is there any requirement that a member, whether or not they hold an additional responsibility, should not be in any other paid employment.

- 5.3 The comments regarding the calculation of opposition leaders' SRAs are noted, however, at this time, the Panel does not propose to recommend an alternative approach. There are a number of different approaches taken by local authorities to calculating such allowances, and we do not consider that setting them by reference to the size of a group's representation on the Council as a whole is unusual. An element of the SRA awarded to an opposition group leader is to recognise their role in holding the majority group to account and co-ordination of their group's activities in this regard. It is considered reasonable to provide that the larger the opposition group, the higher the level of SRA should be, subject to an upper limit. The Panel does not, however, consider that the level of SRA awarded to the Leader and Cabinet members should be set by reference to the level of their group's representation on the Council. The Cabinet is responsible for most day to day decisions within the Council and the demands on members of the Executive do not vary with the size of their majority. We consider that the SRA awarded to the Leader and individual portfolio holders should be a fixed amount, which should be the highest tier of allowances. It is not unusual for local authorities to set the Executive allowances as the "top tier" of allowances, and to then set other allowances at a lower level, having regard to how the roles and responsibilities compare.
- 5.4 The Panel therefore does not recommend any changes to the current level of SRAs at this time.
- 5.5 Whilst strictly, the allowances to the Mayor and Deputy Mayor do not form part of the Scheme of SRAs, the practice is to consult the Panel on those allowances. The Panel remains of the view that they are set at an appropriate level.
- 5.6 The Panel also remains of the view that the allowances for travel, subsistence, broadband / telephone are set at a reasonable level and are not out of step with those at other authorities.
- 5.7 Whilst the Panel does not propose any changes to SRAs, it is mindful that at its previous review, it observed that the basic allowance had not been increased for a number of years. The Panel reiterates its view, expressed on previous occasions, that it wishes to ensure that individuals from a broad range of backgrounds are able to afford to become councillors and therefore the allowance should be at a level that encourages wide participation.

- 5.8 The current basic allowance at Sunderland is £8,369. The Panel was advised that the last occasion on which the basic allowance was increased was with effect from 1 April 2012. The average basic allowance paid in the “LA7” region, excluding Sunderland, i.e. Newcastle, North Tyneside, South Tyneside, Gateshead, Durham and Northumberland is £10,805. Only South Tyneside’s basic allowance is at a lower level than Sunderland’s. Had allowances been increased in line with staff salary increases, the basic allowance would now be £9420. Whilst the level of allowances at other authorities in the region provides useful benchmarking and background information, the Panel is not minded to recommend a basic allowance based on an average of those levels, which it considers could produce an arbitrary result, particularly if other authorities subsequently adopted a similar approach in connection with their own reviews. However, as there has been no increase in the basic allowance for some years, and benchmarking shows that Sunderland’s basic allowance is at the lower end of the scale in the LA7 region, the Panel considers that an increase for 2021–2022, linked with that which has taken place in respect of staff salaries, would be a reasonable approach, with provision for further indexation to be applied on this basis for the following year, namely 2022-2023.
- 5.9 The Local Authorities (Members’ Allowances)(England) Regulations 2003 provide that a scheme may make provision for an annual adjustment of allowances by reference to such index as may be specified by the authority and where the only change made to a scheme in any year is that effected by such annual adjustment, the scheme is deemed not to have been amended. If the Panel recommends an indexation option, this does not prevent the Panel from reviewing the Scheme at any time, but allows for the Scheme to continue without a full review, subject to the annual adjustment being applied.
- 5.10 Government guidance provides that where a Panel makes a recommendation that allowances should be linked to an index, it should also make a recommendation as to how long the index should run before reconsideration. In any event, an index may not run for more than four years before a further recommendation on it is sought from the Panel. Whilst indexation to allowances may be applied for a period of up to four years, at this time, as referred to in paragraph 5.8 above, the Panel recommends that it should be applied for only one further year on this occasion (i.e. to the basic and special responsibility allowances paid for 2022-2023), to enable the Panel to review the basic allowance further, in the context of its more detailed consideration of the SRAs. The Panel wishes to be satisfied that the basic allowance, when seen in the context of the allowances scheme as a whole, is set at an appropriate level, before it would be minded to recommend application of an indexation allowance for a longer term. The Panel hopes to be in a position to obtain detailed

information regarding the operation of the new Committee structure during 2021-2022 and may therefore be in a position at that time to make further recommendations regarding the application of indexation beyond the 2022-2023 financial year.

- 5.11 There are various indices to which the Scheme may be linked, and the Panel is supportive of using an index that is based on the pay award made to the majority of staff. Sunderland City Council is part of the national pay negotiations process undertaken by Local Authority Employers and the Trade Unions. It is recommended that indexation be based on the main pay award used for Council staff, excluding any separate pay award increases that are given to specific groups, for example lower paid staff or Chief Officers.
- 5.12 The Panel therefore recommends that the basic allowance be increased to £9420 for the financial year 2021 – 2022 and that the basic allowance and SRAs be adjusted for the 2022-2023 financial year in accordance with the main pay increase awarded to the Council's employees.
- 5.13 The Panel's recommendations regarding the level of allowances for 2021 to 2022 and the application of indexation are summarised in the Appendix to this report.
- 5.14 The Panel wishes to express its thanks to those who have contributed to this review.

John Anderson CBE  
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Stuart Green

December 2020

## Appendix

<b>Type of Allowance</b>	<b>Amount per annum £</b>
<b>Basic Allowance</b>	9420
<b>Special Responsibility Allowances</b>	
Leader of the Council	37,667
Deputy Leader of the Council	25,111
Cabinet Secretary	25,111
Cabinet Member with Service Portfolio	20,716
Deputy Cabinet Member	12,556
<p>Leader of the Majority Group in Opposition - allowance calculated as a percentage of Leader's SRA, up to maximum of 25%.</p> <p>Leader of the second largest Group in Opposition – allowance calculated as a percentage of the Majority Opposition Group Leader's allowance, up to a maximum of 50%</p>	
<b>Chair of the following:</b>	
Scrutiny Co-ordinating Committee	12,556
Thematic Scrutiny Committee	5,179
Area Committee	10,350
Licensing and Regulatory Committee	8,369
Planning and Highways Committee	6,277
<b>Vice Chair of the following:</b>	
Area Committee	6,277
Scrutiny Co-ordinating Committee	6,277
Licensing and Regulatory Committee	4,184
<b>Other Special Responsibility Allowances:</b>	
Membership of Adoption and Permanency Placement Panel	4,184
Fostering Panel	4,184
<b>Co-optees' Allowances</b>	
<b>Audit and Governance Committee</b>	
Chairman	5,000
Independent member	2,500
<b>Mayoral</b>	
Mayoral Allowance	17,205
Deputy Mayoral Allowance	5,735
<b>With effect from Annual Council 2021</b>	
Mayoral Allowance	12,000
Deputy Mayoral	6,000

### **Carer's allowance**

Actual expenditure up to a maximum of the equivalent of the current National Living Wage or National Minimum Wage hourly rate, as appropriate, dependent upon the age of the worker. The rate applicable shall be subject to automatic increases in line with uprating of the Adult National Living Wage and National Minimum Wage.

### **Travel Allowances (for elected members and co-optees)**

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)

The above rates match Her Majesty's Revenues and Customs authorised mileage rates and will be updated when HMRC publishes revised allowances

### **Subsistence Allowances (for elected members and co-optees)**

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.

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

### **Overnight Accommodation**

The allowance will not be claimable as an allowance as such, rather reasonable costs of an overnight stay (including breakfast) will be met for business class accommodation (3 star or 4 star) within and outside of London. Unless there are exceptional circumstances the Council will book the accommodation direct selecting the most economic option available and utilising the established procurement arrangements in place. Where exceptional circumstances exist, these will be approved in advance by the Executive Director of Corporate Services and reasonable costs will be reimbursed subject to submission of receipts.

Grant payable for Use of Rooms or Halls for Ward Surgeries £15 maximum per occasion

Telephone Calls Allowance £15 per quarter

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.

Note: It is recommended that for the financial year 2022 – 2023, indexation be applied to the basic allowance and special responsibility allowances, based on the main pay award used for Council staff, excluding any separate pay award increases that are given to specific groups, for example lower paid staff or Chief Officers.

