

Report of: The Independent Remuneration Panel

To: Blackpool Council on 8 July 2015

Review of the Members' Allowances Scheme

1. Introduction

- 1.1 The Council has appointed an Independent Remuneration Panel to advise the Council on the adoption of a scheme of members' allowances.
- 1.2 We have met on six occasions since November 2014 to undertake a full review of the Members' Allowances Scheme and have met with both the Leader of the Council and the Leader of the Opposition Group.
- 1.3 We sadly noted at our first meeting that the previous fourth Independent Panel member, Mr Philip Morris, had passed away since we had last met and placed on record our condolences.

2. Methodology

- 2.1 We were supplied with the following information to assist us in our work:
 - The Government's Guidance on Consolidated Regulations for Local Authority Allowances published in July 2003
 - The Council's current Members' Allowances Scheme
 - A chart outlining the Council's political management structure
 - A calendar of meetings for 2015/2016
 - Research on levels of from unitary councils in the North of England and in the former Audit Commission Group of Councils (mainly seaside towns)
 - Details of Executive responsibilities of the Cabinet Members.
 - National Federation of ALMO Board Member Remuneration Survey 2010
- 2.2 We also met with the Leader of the Council and the Leader of the Opposition to seek their views on the level of allowances.
- 2.3 The Director of Governance and Regulatory Services and the Head of Democratic Governance attended various meetings to answer questions from the Panel.

3. Basic principles – the overall Allowances Scheme

- 3.1 In undertaking the review of the Scheme, we were aware of and had regard to the following:
 - (a) That when the Scheme had originally been developed, the basic allowance for members had been used as a basis for determining the proportionate levels of special responsibility allowances. We acknowledged though that with mid-term reviews and different decisions by Council on our recommendations; that a review of how this was calculated needed to be undertaken.
 - (b) That following the local elections in May 2015, there had been some changes to the Council's Executive and committee structures, prompting some review to positions, the introduction of new positions and changes in committees.

- (c) The comments made by the Leader of the Council and the Leader of the Opposition at the Panel meeting in February 2015 that the Council's levels of basic allowance and special responsibility allowances were in their view, well below the unitary authority average. They also explained the reasons for this and acknowledged the Council's position when it made these decisions.
- (d) That overall, for various reasons, allowance levels in other comparable authorities had risen at a higher percentage rate than those in Blackpool's Allowances Scheme since 2007.
- (e) That the special responsibility allowance for Executive Members in particular was significantly lower than the unitary average and levels in comparable authorities.
- (f) That in many comparable schemes, the ICT allowance and the telephone allowance were now considered as part of the basic allowance and were not paid separately and we believed this should be the case for Blackpool's scheme.

4. Ways of calculating allowances

- 4.1 We wished to revisit the rationale for Blackpool's scheme and consider the way in which allowances were calculated and also consider certain appropriate comparatives. We looked at a number of councils and liked in particular a formula (used by some councils) based on hours worked per week and an average wage per week with a percentage deduction for public service.
- 4.2 We noted that a Members Survey in 2013 (completed by 40 out of 42 councillors) had determined that Blackpool councillors worked on average 25 hours per week. We recollected that in 2008 the national average for unitary councils had been 29 hours per week, so we accepted this as a workable figure. We saw other councils who had used average wages as part of a formula, but when we tried this approach we felt that the outcome was a figure not reflective of an average allowance (i.e. it brought out too high a figure). We noted though that there was a push for a living wage in Blackpool and considered that this figure may help provide a workable formula, together with a percentage deduction for public service.
- 4.3 We came up with the following formula:
Living wage (£7.85 per hour) @25 hours per week, less approximately 12% for public service.
- 4.4 To test this figure we worked out the average basic allowance for all unitary councils in the north of England together with those in the former audit commission family group. This equated to £9,734 and the formula gave a figure of £9,000 (approx). We therefore decided that £9,000 was a fair basic allowance for Blackpool councillors and we could use this figure to help determine other special responsibility allowances.
- 4.5 We then took some common positions and worked out other formula based against our understanding of the level of the responsibilities for those positions (and similar formula used elsewhere), to compare against an average from the northern unitary councils, together with the former audit commission family group councils and these figures are shown in the table overleaf. Similar comparative data from a CiPFA benchmarking exercise with over 30 unitaries had come out with figures comparable to the northern unitaries average.
- 4.6 We believed that these calculations would give a proportionate figure for Blackpool allowances and the formula would 'test' the weight to be applied to the average figure from the comparable authorities.

Appendix 13(a)

	Formula	Formula outcome/ recommended allowance for each position	Average Northern Unitaries plus former Audit Commission Family Group councils (if available)
Basic allowance	Living wage (£7.85 per hour) @25 hours per week, less approximately 12% for public service	£10,205 less approx.12% = £9,000 (rounded)	£9,734
Leader of the Council	3 x basic	£27,000	£27,053
Deputy Leader of the Council and Cabinet Secretary	60% of Leader of the Council	£16,200	£17,867
Cabinet Member	45% of Leader of the Council	£12,150	£13,000
Cabinet Assistant	Same as Vice Chairmen of Scrutiny Committees – as per previous rationale	£4,500	Not enough information available to find an average
Chairman of Scrutiny Committee	1 x basic	£9,000	Many variations on how scrutiny committees operate – therefore no clear average to compare
Vice-Chairman of Scrutiny Committee	50% of Chairman of Scrutiny Committee	£4,500	As immediately above
Chairman: Planning, Licensing, Appeals and Audit committees	0.8 x basic	£7,200	Chairman of Planning - £7,619 , Chairman of Licensing - £7,021 Variations on makeup of other committees – therefore no average for those
Vice-Chairman: Planning, Licensing, Appeals and Audit committees	50% of Chairman of Committees	£3,600	As immediately above
Leader of Principal Opposition	Same as Cabinet Member	£12,150	Many councils paid an allowance the same as a cabinet member, others used size of group as a factor to determine an allowance
Deputy Leader of Principal Opposition	50% of Leader of Principal Opposition	£6,075	As immediately above
Mayor	1 and a half x basic	£13,500	£13,911
Deputy Mayor	25% of Mayor	£3,375	£3,374
<p>Notes:</p> <ul style="list-style-type: none"> • Chief Officers Employment Committee, Standards Committee – continue with no allowance for Chairman and Vice-Chairman • The recommended special responsibility allowances (SRA) for the Chairman and Vice-Chairman of Licensing Committee reflects that the person is expected to chair / vice-chair the Public Protection Sub-Committee – recommend therefore Public Protection SRA is removed from the scheme. 			

5. Levels of basic and special responsibility allowances

- 5.1 The Panel noted that the data showed significant 'slippage' in that Blackpool's level of basic and special responsibility allowances fell behind the unitary average and those in comparable authorities. Given this and the comments from members, we feel that it was important to increase these allowance levels to a level that was comparable with these authorities, before further slippage occurred. Our proposal for an increase in basic allowance (inc IT and telephone) is 21% and this still brings it below the average for comparable northern unitary councils.
- 5.2 We felt that there were two key factors which had compounded this large difference. In 2007 we had recommended a 6% increase to basic and special allowances which was declined when considered by Council. At the full review of the members allowances scheme four years later in 2011, we recommended a 0% increase in basic and special allowances and the Council not only agreed this, but deducted a further 5% from all the special responsibility allowances. This meant now that Blackpool's allowances were significantly behind the average for unitary councils. In our view this has heightened the problem of the now widening gap between Blackpool Council allowances and those of comparable unitary councils.
- 5.3 The reasons for these decisions as shared with us by the Leader of the Council and by the Leader of the Opposition were described as being 'political' and were taken to reflect the times of austerity and cutbacks. We do appreciate this. However, we also understand that our role is to undertake detailed research and compare against comparable authorities and recommend what we believe is a fair scheme of allowances. We are of the view that more decisions of the type described, from 2007 and 2011, would worsen the problem and that is why we are now recommending what we believe are suitable allowances for Blackpool councillors.
- 5.4 We were also informed by both the Leader of the Council and the Leader of the Opposition that there had been eight by elections between 2012 and 2014 due to three councillors standing down due to work commitments and the other five sadly due to those councillors passing away. The two Group Leaders also informed us prior to the election that they were struggling to recruit candidates to stand in the election, from a spectrum of ages and backgrounds. We were told that it did tend to fall to those with the time (e.g. retired, self-employed, or those with an understanding employer).
- 5.5 We totally understand that the allowances are not a salary. However, we do believe that if the allowances were at a fair level then this would help attract a more diverse range of candidates at election time and help strengthen the representative role of a councillor on the Council. It was commented that particularly more women and younger people (at least under 40 years of age) were groups under represented on the Council.
- 5.6 We also noted that since the last full review of the allowances scheme, national legislation had now stopped Councils contributing to a councillor pension scheme, thereby adding further pressure to the allowances and reducing the entitlement to councillors.
- 5.7 We first met in November 2014 to undertake this full review and debated at length about whether we should put forward recommendations which were reflective of the average for comparable unitary councils or just review key positions as there seemed previously to be no appetite to increase the allowances by the Councils, due to financial pressures. However, we were of the opinion that our role was to determine the relevant allowances for Blackpool and it was for the Council to decide whether to accept them or not. We were also mindful of the fact that Blackpool's allowances were becoming further and further detached from those of comparable councils. We therefore decided to do a full root and branch review.

6. Special responsibility allowance for Executive Members

- 6.1 In 2007, we had recommended that the allowances for cabinet members fell well below the unitary average (Blackpool's then was less than half the national average). We felt that this presented a particular anomaly within Blackpool's scheme, given the responsibility placed on Cabinet Members, including that of individual Executive decision responsibilities, when compared with other authorities. We recommended an 18% increase to allow the gap to be narrowed, but this was turned down. In 2011 we recommended a freeze on this allowance but Council reduced it by further 5%. We noted in our research that Blackpool's cabinet member allowance was the lowest of all the comparable authorities and possibly one of the lowest, for a unitary council in the country. Our recommendation of over 100% increase still would mean that the allowance is below the average for comparable northern unitary councils.
- 6.2 On receiving the list of responsibilities for Executive members we noted that the positions of Deputy Leader of the Council and Cabinet Secretary were at the same level. The Leader of the Council confirmed that he had appointed them on that basis and in his view held comparable responsibilities and duties. We understood that these two positions had been as part of a hierarchical structure within the Executive, to allow the holders of the two positions to act strategically and undertake a leadership role. It was noted that this had worked well at Sunderland Council where this approach had been in place for some time. We also noted that with regard to the seven Cabinet members who had been appointed, that they had differing responsibilities but we agreed that they should receive the same level of allowance each, as had been the case in previous years.

7. Leader and Deputy Leader of the Opposition Group

- 7.1 We came to the view prior to the election that based on the findings from other comparable Councils, the Leader of the Opposition Group should be at the same level as a Cabinet Member (at present there is not a huge difference) and the Deputy Leader should be also remunerated at an appropriate level. Prior to the election we did consider that the size of the political group may have some bearing on the remuneration paid (as was the case with some councils). However, following the election we finalised our view that the Leader of the Opposition Group's allowance should be at that level, as the group size was over 25% of the Council. This again will give an increase of over 100%, to bring this position in line.

8. Committee Chairmen, Vice Chairmen and Cabinet Assistants

- 8.1 In previous reviews we had based our recommendation on the fact that for the Scrutiny Chairmen and Vice Chairmen, their allowances were greater than that of other committees as their roles were also important outside of the committee meetings and this was also backed up by examples from other comparable councils. We also noted that the Shadow Cabinet Member role was now also that of the Vice Chairmen of the two scrutiny committees. Accordingly, we considered that the Scrutiny Chairman and Vice Chairman positions should both be at a higher level than the Chairmen and Vice Chairmen of the other committees.
- 8.2 We also picked up from the Leader of the Council and the Leader of the Opposition Group that the scrutiny function was becoming an increasingly important one, with a greater focus on the element of challenge and performance management. We noted that the positions of Cabinet Assistants had been reappointed to and noted that previously these had been given the same level as the Vice Chairmen of the Scrutiny Committees and we agreed that this should continue.

9. Civic Mayor

9.1 In 2012 we had recommended Council that this position should be remunerated at a lower level and Council agreed that this be the case. Following the research undertaken again this year we have come to the conclusion that it is still on too high a level and recommend a further reduction. However, as it is now some months into this position for the current Mayor and Deputy Mayor and as costs relating to these positions are mainly occurred at the start of the civic year, we recommend that any reduction in allowance takes place from the beginning of the 2016/2017 Municipal Year.

10. Other Allowances and Uplifting of Allowances

10.1 We considered that the 'other allowances' in the scheme were on the whole correct and made the following recommendations:

School Appeal Panel members – remain same

Area Forum Community Representatives – remain same (we understand the Area Forums are currently being reviewed and if these positions no longer exist then they would be taken out of the scheme)

ICT Allowance/ Telephone Allowance – withdraw as proposals to incorporate these into the proposed basic allowance

Withholding allowances/ Pensions – to be taken out of revised scheme due to changes in the law

Carer's and Dependents Allowance – to remain the same

Bus/ Tram Passes – remain the same

Car Parking – remain the same

Mileage allowances – adopt casual user staff rates and this can then be uprated when staff rates are (annual uprating in line with NJC pay award therefore will not apply)

Public and Other Transport – no change

Subsistence allowances and overnight subsistence – remain the same

Accommodation claims – remain the same

10.2 We were also informed of the Carers and Dependents allowance where it was proposed to have more direct support for councillors with dependents. One suggestion was that through the Council's Adult Services team a list of carer's for young children/ vulnerable adults be kept of those who wished to undertake such work and the councillor pay for a carer to visit the councillor's home. The Panel saw no issue with this and with the councillor then paying the carer and claiming back from their allowance. Following our research we considered that the level of the current allowance for this role was fair. As this proposal had no effect on the scheme and no financial implication to the Council we supported the proposal.

10.3 We noted that since the Council had decided to publish third party payments separately, central government had brought in transparency rules which meant that every third party payment of £250 or more was already published through the Council's website. We also noted that it was a very resource orientated job to administer, not least as payments were often consolidated (e.g. cost of conference and overnight accommodation) and these could not be separated to give a realistic value. We therefore could not see any value in continuing with this separate payment schedule as it would not only be duplication but in some instances misleading and incorrect.

10.4 We were also informed that additional duties were to be given to Independent Persons on Standards Committees, in relation to the disciplinary and dismissal of certain statutory chief officers. We noted that this duty had only recently been introduced and as Mr Mozley serves as an Independent Person, we were of the view that this should be revisited when this Panel had increased its membership. (Mr Mozley on each occasion this was discussed declared an interest, left the room and took no part in the discussion and consideration of this item).

- 10.5 We recalled that in 2012 Council had asked us to review whether the National Joint Council (NJC) for Local Government Service Pay Award was still appropriate at this full scheme review. From the research and feedback we received we believe that it should be continued.
- 10.6 We also noted that some clarity was required in the list of approved duties to include those events or meetings that were related to official Council duties including those outside of Blackpool. For clarification purposes, we recommend to insert into the schedule an approved duty to state 'Attendance at meetings held outside Blackpool by a councillor in connection with the role for which a special responsibility allowance is paid.' This would give clarity to approvals for example for an Executive member to attend a meeting at County Hall or a scrutiny committee member to attend a Joint Scrutiny Committee at Blackburn. We also recommend the deletion of the current duty in the scheme which indicates that members from different political groups should attend to qualify for an approved duty, as the above proposal would cover that.

11. Payments to Company Directors

- 11.1 We were asked by the Leader of the Council whether there should be payments for the Chairmen of the Board of Directors of the Council's wholly owned companies (where this is a non-executive position) and possibly other non-executive company directors. We noted that in recent years in many Councils, particularly unitary and county councils, more and more functions and services were divested in council 'wholly owned' companies. This allowed those companies to act with some independence and also with greater powers and autonomy over income and business development. We were informed that the Council now had five wholly owned companies, with two being added in the last 12 months.
- 11.2 Under company law, we noted that any company directors can be paid. However, we also noted that the nature of any agreed payment cannot under local government law, be classed as a special responsibility allowance (for members allowances) as they are not special responsibilities in relation to the Council.
- 11.3 We were aware not only of the importance of the roles of Chairmen but also of the non-executive Directors appointed and the position and accountability their roles held. The Council and the companies had also sought to appoint independent directors to the relevant Boards and this had proved difficult given that no remuneration was currently paid for such roles. We noted that one council in particular (Cheshire East) was pursuing a commissioning role and had recently set up a number of companies and was paying both 'council' appointed directors and also independent directors. We believed that this was the right thing to do, although we did consider that the rates of Cheshire East Board members were too high. Instead we looked at Registered Social Landlords and ALMOs as a fairer comparator, giving some recognition of payment for the role and public duty. We noted through research and our own understanding that payments will help attract Board members with specific skills and improve commitment and improve performance of the company.
- 11.4 Taking these factors into account we recommend that there is the same payment for a non-executive chairman across all 5 companies (£2,500 per annum) and the same payment for other non-executive directors (£1,000 per annum). This is acknowledging the level of responsibility required with some deduction for public service. To also note that this is outside of the Members Allowances Scheme and councillors would therefore qualify for payment. We would also suggest these payments be uplifted in line with the National Joint Council for Local Government Pay award.

12. Recommendations to Council

- 12.1 That the basic allowance for members should be set at £9,000 per annum and backdated to the start of the current municipal year.
- 12.2 That the special responsibility allowances for members should be as set out in the table following paragraph 4.6 of this report and commence from the current date of appointment for the councillor concerned (except for the positions of Civic Mayor and Deputy Mayor).
- 12.3 That the special responsibility allowances for the Civic Mayor and Deputy Mayor should remain at their current level for the rest of this Municipal year, but be as set out in the table following paragraph 4.6 of this report from the date of the annual meeting in 2016.
- 12.4 That the 'other' allowances as set out within the scheme should be set as recommended at paragraph 10.1 and if the disestablishment of the Area Forums is agreed then the allowances for the Area Forum Community Representatives cease, at a time indicated by Council.
- 12.5 That the telephone and ICT allowances not continue as they would now be incorporated into the revised basic allowance.
- 12.6 That no separate allowance be paid to the Chairman and Vice Chairman of the Public Protection Sub Committee as these have historically been the same Chairman and Vice Chairman as that for the Licensing Committee. Accordingly these positions should be withdrawn from the scheme.
- 12.7 That in relation to mileage allowances, the rate for members should be the same as staff rates and uprated at the same time when staff rates are amended (annual uprating in line with NJC pay award therefore will not apply).
- 12.8 That for clarification purposes an approved duty can also be 'Attendance at meetings held outside Blackpool by a councillor in connection with the role for which a special responsibility allowance is paid', as stated in paragraph 10.6).
- 12.9 That the requirement to publish third party payments separately should be discontinued for the reasons set out in paragraph 10.3.
- 12.10 That the annual uprating to be applied to the Members Allowances scheme continue to be in accordance with the National Joint Council for Local Government Service pay award.
- 12.11 That the Council notes that a review of payments to independent persons that support the standards framework should be undertaken at a future meeting of the Independent Remuneration Panel.
- 12.12 That in relation to the five wholly owned Council companies, we suggest that the non-executive chairmen should be paid £2,500 per annum and that other non-executive directors on each company should be paid £1,000 per annum, these payments to be uplifted in line with the National Joint Council for Local Government Service Pay award on 1 April each year. This would acknowledge the level of responsibility required with some deduction for public service. We would also offer to review this in 12 months' time should it be required.

Mr P Whitehead, (Chairman) – Managing Director, Windmill Holdings Limited

Mr A R Mozley – Retired Secondary Teacher

Mrs B Parker JP – Retired Magistrate