

# **Telford and Wrekin Council**

## **Review of Members Allowances**

### Report of the Independent Remuneration Panel June 2010

#### Introduction

- 1.1 In May 2010, a meeting of the Independent Remuneration Panel for Telford and Wrekin Council was convened. Steve Leach, Professor of Local Government at De Montfort University, Leicester was appointed as its chair. Richard Sheehan, Patronage Director of Shropshire Chamber of Commerce and Enterprise, and Mick Lloyd Manager of Telford and Wrekin CVS, were appointed as the other panel members.
  
- 1.2 The panel met on May 27<sup>th</sup> 2010. It received verbal evidence from five councillors including the leader of the council, the group leaders of the other three parties, and four officers including the Chief Executive and the Head of Governance. An e-mail was submitted by one other councillor. The panel is grateful to all those who provided it with evidence, and to Emma Price for organising the day so effectively, and for providing valuable background information.
  
- 1.3 The panel recognised that what was expected of it was a selective, rather than a comprehensive review. The last review took place in 2008 and ‘major reviews’ are typically scheduled at four or five year intervals. The panel studied the report of its predecessor and was impressed by the rigour of the arguments

presented. It took the view that it would concentrate its attention on the material changes which had taken place since 2008, in particular:

- ❖ the impact of the recession and the constrained budgetary circumstances facing all local authorities in the 2010-14 period (and possibly beyond)
- ❖ the structural changes introduced in Telford and Wrekin since 2008, in particular
  - the changes in the arrangements for dealing with overview and scrutiny (May 2010)
  - the discontinuation of the designation of ‘cabinet assistants’ which had been introduced in 2008
  - the proposal to discontinue the role of the ‘speaker’ in December 2010

1.4 Although the panel did consider other issues, if those making representations to it raised them, it did not do so if it received no evidence of dissatisfaction with particular allowances. Thus no-one raised questions about the level of the basic allowance, the basis for the annual updating of allowances or the basis for recompensing travel, subsistence and carer expenses. If no evidence or opinions were presented to it, the panel did not make recommendations. In that sense, it was a selective review of members’ allowances.

1.5 In relation to the recession, and its impact on Telford and Wrekin’s financial situation, the panel was of the view, supported by all those who gave evidence to it, that in the current circumstances, no net increase in the overall level of allowances should be recommended. Furthermore, if it proved possible to

recommend a reduction in the budget for members' allowances, whilst accepting the need to continue to provide a fair system which recognised the nature of various responsibilities concerned, then such an opportunity should be taken. To do so would send an important message to the residents of Telford and Wrekin, that councillors were prepared to take their share of the cuts in income which many residents are already experiencing.

1.6 Some of the structural changes already introduced – e.g. the termination of the 'cabinet assistants' positions – have provided opportunities for recommending an overall reduction in members allowances which contributes to this aim.

1.7 The legal basis for the work of Independent Remuneration panels, and the guidance as to how they should operate has not changed since the report of the previous panel in 2008. A helpful summary of this legal and procedural background is provided on pp7-8 of their report.

1.8 The report submitted herewith represents the considered and unanimous views of all three panel members. We commend it to the council.

## Basic and Special Responsibility Allowances

### 2.1 Basic Allowance

No representations were received by the panel that the Basic Allowance, currently set at £7,583, should be either increased or decreased. Given that the level of Telford and Wrekin's basic allowance is also close to the average paid by authorities in its CIPFA Family Group the panel saw no reason to amend it. It recommends that the Basic Allowance be confirmed at £7,583, subject to the current annual basis of indexation.

## 2.2 SRA for the Council Leader and Deputy

The panel next considered the SRA allocated to the leader of the council (who is also leader of the Conservative group, which currently holds 50% of council seats). The scope of the council leadership role has clearly increased in recent years, particularly in relation to building relationships with other agencies (local, regional and central) which can contribute to the social economic and environmental well-being of the council. A greater emphasis on individual leadership has also resulted from various provisions of the 2007 Local Government Act. In less fraught financial and economic circumstances, the panel would have been predisposed to recommend an increase in the council leader's SRA, to reflect these changes. However given the view expressed by all those interviewed (and the panels own perceptions) that in general increases would not be appropriate in the current economic climate, the panel is not recommending such an increase. If economic circumstances changed, this recommendation would need to be reviewed. The panel noted that the SRA for the deputy leader (£15,898) was significantly higher than that of other cabinet members (£11,805), which is not the case in many other authorities. This SRA,

which the panel is happy to continue to recommend, does provide the scope for the delegation of some leadership responsibilities to the deputy leader.

### 2.3 Leaders of Opposition Groups

Currently there is one relatively large opposition group (Labour with 17 councillors) and two relatively small opposition groups (Liberal Democrat/Independent with 6 and TAWPA with 4). In these circumstances it is reasonable that the Labour leader (the dominant opposition group) should receive a relatively high SRA compared with the others. The panel is happy to support an SRA at its current level (£9,837).

2.4 In relation to the other two smaller groups, there were a range of different views expressed. Some interviewees felt that SRA's should not be allocated to the leaders of these two groups. Others, however, acknowledged that in terms of the time pressure involved (attending leaders briefings, cabinet meetings, and those occasions where the council's interests were best served by the attendance of all group leaders) there was little difference between the demands placed upon all of the opposition group leaders. The panel had a sympathy with this latter view.

2.5 The panel was also uneasy about the current specification (resulting from the 2008 panel's report) that a minimum of five group members is required before a group leader qualifies for an SRA. This provision is out of line with practice in most other authorities (where leaders of groups as small as 2-3 may qualify for an SRA). There is also an element of arbitrariness in the fact the Liberal

Democrat Independent group (with 6 members) qualifies for a leaders SRA, whereas TAWPA (with 4 members) does not. The panel recommends that the leaders of both groups should qualify for a SRA, and that the SRA should in each case be increased to £3,664.\* In an authority as finely balanced as Telford and Wrekin currently is, it is important for reasons of democratic credibility that the role of **all** party (or independent) groups is recognised. If group leaders choose not to accept such allowances, that is up to them. It is the principle which is important.

2.6 The panel was of the view that current disparity between the SRAs for the largest opposition group (£9,837) and the smaller opposition groups (£3,664 under our proposal) was (on balance) justifiable given their disparities in size, but that it would not be so, were there a different pattern of relative sizes. For example if the pattern of opposition representation became 10/9/8 (as opposed to 17/6/4) the disparity in SRA's would become untenable. If changes of this nature were to develop, the panel would wish to review this particular recommendation.

## 2.7 The Overview and Scrutiny Function

The panel noted with interest the changes that had been made in the arrangements for the overview and scrutiny function. The 2009-10 structure which involved a Scrutiny Leadership Board of six members, each of whom had a leadership role for a particular topic. The chair (who was the acknowledged 'scrutiny lead member') received an SRA of £10,624, whilst the other five

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\* £3,664 is a point midway between the existing SRA level (£2,616) and the remuneration band above it (£4,772)

members received SRA's of £7,870. Four scrutiny panels operated in conjunction with the Scrutiny Leadership Board. The total allocation for the scrutiny function was thus £49,974, divided between 6 individuals.

2.8 In principle it would be relatively straightforward to reallocate this overall sum amongst the chairs of seven new scrutiny panels which are currently being established following a council decision earlier in May 2010. However the panel felt there were good reasons for not recommending straightforward transitional arrangements of this nature. First, on the basis of the information provided to it, the panel concluded that the strong leadership role for the chair of the Scrutiny Commission, which operated in the previous structure, was not to be replicated in the new structure. The new collective body was intended to have a more limited coordinative role. There is thus no longer a convincing case for replicating the higher SRA for the chair of the collective body.

2.9 Subject to paragraph 2.11 below the panel recommends that the existing total SRA for scrutiny (£49,974) is shared equally amongst the seven chairs who would each receive an SRA of £7,139.

2.10 However, the panel was made aware that whilst the scrutiny lead roles (and hence the SRAs) had previously been allocated in a balanced way between members of the party forming the administration and opposition parties, there was a possibility (to be debated at the June 24<sup>th</sup> council meeting and since confirmed) that all seven positions of responsibility for scrutiny would be allocated to members of the administration. If this change were to take place,

the panel had some concerns that this arrangement, which although not unique, is now unusual and not regarded as ‘best practice’ could affect the role and priorities of scrutiny. The panel recognised that this arrangement may well facilitate the value of the contribution of in-depth projects aimed at helping the executive develop policies which help achieve the council’s seven priorities (indeed the remits of the seven new panels have been defined to reflect these priorities). However the panel was concerned that the crucial role – that of holding the executive to account – could be affected. In particular the possibility of a decision being reached in a scrutiny committee to support a call-in requested by an opposition member would become remote.

2.11 In these circumstances, the Panel felt that there was a risk that the **overall** role of scrutiny could be diminished, and the responsibility attached to each position of responsibility in scrutiny would be correspondingly lessened. However the Panel received an assurance from the Leader of the Council that he accepted the importance of both identified roles for scrutiny, and that he would encourage all scrutiny members to undertake their roles robustly, and, whatever their political affiliation to exercise their responsibility to hold the executive to account where there was a case for doing so. Without such an assurance, the Panel felt, that, if this proposal were to be implemented, a lower level of SRA for chairs would be appropriate. The panel would recommend a reduction from £7,870 to £6,296\*. The Panel was prepared to accept the Leader’s assurance. However in the circumstances, it felt it was appropriate that it should review in a year’s time (May 2011) the way in which the new scrutiny arrangements had operated, with

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\* £6,296 is a point midway between the existing SRA level (£7,870 and the remuneration band below it (£4,722)

a view to satisfying itself that the requisite degrees of challenge and ‘holding to account’ had indeed taken place.

2.12 There would be a further anomaly to consider in these circumstances. The panel became convinced, on the basis of evidence presented to it, of the direct responsibilities of the Planning and Licensing Committees (and in particular the Chairs of these Committees) for decisions which profoundly affect the well-being of the area, and in particular their ability to influence its economic regeneration. In other circumstances, the panel would consider increases in SRAs for these positions. Such recommendations would not be appropriate in the current financial circumstances. However the disparity between these responsibilities and those involved in the new scrutiny arrangements if they became dominated by one party became increasingly apparent to the panel, for reasons set out in 2.10 and 2.11.

### 2.13 SRAs for Other Council Functions

The panel then considered the appropriateness of the level of SRAs allocated to the following chairs; Plans Board, Licensing Audit, Appeals and Standards.

2.14 As noted earlier (2.11), the panel acknowledged that the responsibilities and workload of the Plans Board and the Licensing Committee more than justified the current level of SRA allocated, and that in different financial circumstances, an increase in SRA might be appropriate. The panel was told of possible introduction of sub-committees in relation to the licensing function. If this change took place, and if the chair of one (or more) of the sub-committees was

not the existing chair of licensing, then re-assessment of SRAs for this function would become necessary, and should be referred to the panel.

2.15 The responsibilities and workload of the Audit Committee have increased over the past two years, and include the performance monitoring function which in many other authorities is the responsibility of overview and scrutiny. Although the level of SRA allocated to this function in Telford and Wrekin is much higher than in comparable authorities, the panel felt that on balance, the current level of SRA was justified, given the committee's range of functions, although it acknowledged that there were those who did not share this view.

2.16 The Appeals Committee has not met at all over the past six months or so. However it may need to do so in the future as and when the appeals procedure is invoked. The panel thought that it was right to retain an SRA for this position, at the current relatively modest level. However if during the course of a municipal year the Appeals Committee does not meet all, then the SRA should not be claimed in the following year. The role of this Committee, and the case for an SRA should be kept under review.

2.17 The SRA allocated to the independent Chair of the Standards Committee is also much higher in Telford and Wrekin than in comparable authorities, where typically it is set at around half the Telford and Wrekin level. Although this is an important position, the evidence presented to the panel suggested that it had previously been over-valued in SRA terms, and that a reduction to the average

in this authority's family group was appropriate. The panel recommends that it should be decreased to £3,935 (half its current level).

#### 2.18 Other Issues

It was reported to the panel that there was a proposal to appoint a co-optee to the Audit Committee (a job description is currently being drafted). When this post is confirmed, it is appropriate that the co-optees concerned should receive an annual payment (£200) similar to that received by scrutiny co-optees.

2.19 The panel was also minded to endorse a proposal to amend the list of approved duties in the following ways

- (1) to read 'Meetings of the full Council including call-in, and including any other Members who have been invited to attend the call-in'
- (2) to read 'Attendance at any other meeting or duty authorised by the Council, Cabinet, Committee or Commission, for example site visits, ceremonies and official visitations as representatives of the council.'
- (3) to read 'Political meetings involving more than one political group, for example Members briefings, Group Leaders meetings .

#### Summary and Conclusions

3.1 The full list of recommendations is set out in 3.3 below. If implemented, it would have the following repercussions

- ❖ the total number of SRA's payable would reduce from **27** to **23**

- ❖ the total expenditure on members allowances (excluding expenses and the mayoral allowance) would be reduced by approximately £23,000 – or around 3% of the current members allowances budget

3.2 The panel felt that the recommendation of this set of proposals would provide an opportunity for the council to demonstrate its awareness of the impact of the recession in Telford and Wrekin, by agreeing a significant net reduction in the overall level of members’ allowances. The proposals are however based on an objective re-assessment of the changes in roles and responsibilities of the positions involved\*, rather than an arbitrary across-the-board decrease, which would not in the panel’s view, be appropriate.

### 3.3 Summary of recommendations

1 The Basic Allowance should continue at its current level of £7,870.

2 The following SRAs should continue unchanged

Leader of the Council	£23,768
Deputy Leader of the Council	£15,898
Cabinet Members	£11,805*
Main Opposition Leader	£ 9,837
Chair of Plan Board	£ 7,870
Chair of Licensing Committee	£ 7,870
Chair of Audit Committee	£ 7,870

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\* It is noted that the size of the cabinet has been increased from 8 to 9

Chair of Appeals Committee

£ 2,361

- 3 The SRA for the Chair of the Scrutiny Leadership Board should be discontinued\*
- 4 The SRAs for Scrutiny Chairs should be reduced from £7,870 to £7,139. The operation of the new scrutiny system and the justification for the SRAs recommended should be reviewed by the Panel in May 2011.
- 5 The SRA for the Chair of the Standards Board should be reduced from £7,870 to £3,935
- 6 The following SRAs should be increased  
Leaders of the Opposition Groups £2,606 to £3,664
- 7 The size of group qualifying for a leader allowance should be reduced to 4.
- 8 Any co-optees appointed to the Audit Committee (or any other committee) should be paid an allowance of £260.
- 9 Minor changes to the list of approved duties should be made as set out in Para 2.19.
- 10 All other elements of the current allowances scheme should be continued including
  - i. travel and subsistence for approved duties
  - ii. carers allowance
  - iii. basis for indexing allowances annually

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\* The SRAs for cabinet assistants and the speaker cease to be payable because the positions have ceased to operate, or will do so in December 2010.