

PETERBOROUGH CITY COUNCIL

25 June 2009

INDEPENDENT MEMBERS' ALLOWANCES PANEL

Introduction

1. The Independent Panel comprised:

Don Latham (Chair) - Private local government consultant
Mrs Jean Hunt - Representing the voluntary sector
Rev Kerry Tankard - Representing the faith community

2. The Panel met on two occasions and was supported throughout the review by David Blackburn, Principal Democratic Services Officer; Carol Tilley, Corporate Governance Manager. Nick Hutchings, Head of Business Support, Teresa Wood, Group Manager Accessibility & Travel and Sarah Moore, Assistant Parking Manager also gave information to the first meeting of the Panel. We would like to give our thanks to them and to Members who provided written evidence and to Councillors Cereste, Lee, Over, Sandford, and Walsh who attended a meeting of the Panel.

3. We were requested by the Council to consider specific issues relating to the change in governance arrangements proposed by the new administration in order to make the Council more open, accountable and effective in its decision making. The Leader - Councillor Marco Cereste, and Deputy Leader - Councillor Matthew Lee made personal presentations to the Panel and provided detailed proposals in writing for our consideration. The Mayor - Councillor Irene Walsh also attended to make representation concerning the Mayoral allowance. There were other issues identified by members that we have addressed in our report.

4. The review, on this occasion, concentrated on the proposals for a significant increase in the number and value of SRAs. The Panels recommendations are as follows:

- That the basic allowance of £7,832.68 should remain unchanged. (Para 5 and Para 25)
- That the travel allowance of £223.76 within the basic allowance remain unchanged. (Para 6)
- That the telephone allowance of £559.44 within the basic allowance remain unchanged. (Para 6)
- That the scheme of allowances should continue to be updated each year for inflation by the use of the Local Government Association's daily rate issued each February. (Para 27)
- That a revised range of special responsibility allowances (SRAs) be introduced specifically to support Cabinet members, strengthen Scrutiny and devolve decision making to Area Committees. (Para 9 to Para 15)
- That in future a Group Leaders Allowance should only be paid to the controlling group and the main opposition group leaders. (Para 14)
- That the payment of SRA's to Group Secretaries be discontinued. (Para 15)

- That there should be no change in the allowance paid to the Chairman of the Standards Committee but the allowance paid to co-opted members should, in future, include the representatives of Parish Councils. (Para 16)
- That the option to allow members to participate in the local government Pensions scheme should not be implemented at this time. (Para 17)
- That members should continue to be restricted to one SRA. (Para 8)
- That the Council should cease to pay a small SRA to the Mayor but should increase the direct payment component of the Mayoral allowance to cover all aspects of 'personal' expenditure to be clearly redefined in the Council's Constitution Civic Protocol. (Para 18 to Para 20)
- That a more fundamental review of the basic allowance be undertaken later in the financial year 2009/10 when the Council will be considering the introduction of parking charges for staff. We strongly recommend that member's payment for parking should be dealt with at the same time in support of the Council's strong environmental agenda. (Para 22 to Para 25)

Basic Allowance

5. The Panel, on this occasion, has not been asked to consider the level of the basic allowance. We therefore recommend a continuation of the current basic allowance of £7,832.68.
6. That the travel allowance of £211.32 (to cover travel within the City boundary) within the basic allowance should continue. That the telephone allowance of £559.44 within the basic allowance should continue.
7. Allowances are subject to income tax. However, as the basic allowance is intended to recognise the time devoted by councillors to their work, some incidental costs (e.g. use of their homes and private telephone) may be deducted from the allowance received in calculating how much of the allowance is taxable. This is subject to agreement with the Inland Revenue. Expenses can be offset against tax liability if it can be shown they have been wholly, exclusively, and necessarily, incurred in the performance of duties.

Proposals for changes in Special Responsibility Allowances

8. The Panel were mindful of Government Guidance that states that SRA's should only be paid to members when '*significant additional responsibilities*' can be demonstrated. If this is not proven it could be subject to legal challenge. The spirit of the Regulations is that only a minority of members should receive an SRA and we recommend that members should continue to be restricted to one SRA. To quote Government guidance:-

'If the majority of members of a council receive a special responsibility allowance the local electorate may rightly question whether this was justified. Local authorities will wish to consider very carefully the additional roles, both in terms of responsibility and real time commitment before deciding which will warrant the payment of special responsibility allowance.'

The Panel favour adopting a 'realistic' Basic Allowance so that only a minority of members receive a SRA. This we believe is in tune with the spirit of the Regulations.

Cabinet

9. Cabinet membership has been reduced from ten to nine members, but three Cabinet Advisor posts have been introduced. (50% of Cabinet Member SRA) i.e. an increase of two allowances and an increase in net costs of £7,050. Although this is not high cost the Panel believe that the new positions need to be carefully evaluated by the Council and we have concerns that there should be no future demands to increase these posts to cover each Cabinet member. We recommend that the Council consider running these new roles for six months before implementing any allowance.

Scrutiny

10. The Panel is aware that an effective scrutiny process is a key to the successful governance of the Council and has considered the proposal to replace two existing Chairmen of Scrutiny Committees (basic allowance) and four chairmen of Scrutiny Panels (25% basic) with six Commission/Committee Chairmen (basic allowance). The additional cost of this proposed change is £21,150 and the Council will need to consider whether an enlarged Scrutiny process can be serviced and hold the Executive to account not least because, in the first instance, it is proposed that the Chairmen should only be selected from the controlling group. Will the 'call in' process, for example, be used when appropriate? We believe that the Council will need to carefully evaluate the benefits of the change and suggest that the SRAs payable to the Chairman of the Scrutiny Commission for Health Issues and the Chairman of the Environment Capital Scrutiny Committee (Chair of Chairs) be 100% of the basic allowance and the Chairmen of the remaining three Scrutiny Committees and the Chairman of the Scrutiny Commission for Rural Communities receive 50% of the basic for the first six months until the new arrangements are seen to be fully effective.
11. The Council proposes to introduce six new Vice Chairman (25% basic) with an additional cost of £10,576. The Panel would not generally support the payment of special responsibility allowances to Vice Chairmen. They are small (£1,726) and not least for this reason could be challenged that they do not represent '*significant additional responsibility.*' Such small allowances have been challenged in another authority and the District Auditor supported the challenge made by a member of the electorate on the audit of the accounts. Needless to say the allowances were not implemented. (See Para 8)

Area Committees

12. The Panel were made aware of the new administration desire to reconnect with the public, to be more open and accessible and that a key component of this change is the introduction of three new Area Committees - with decision making powers. These could act more quickly and sensitively to local needs. The success of these Committees will very much depend on the Chairmen and it is proposed to pay an SRA equal to a full basic allowance. This will be an additional cost of £21,150. We believe that the Council will need to carefully evaluate the benefits of change and suggest that consideration be give to paying 50% basic allowance for the first six months until the new arrangements are seen to be fully effective.

13. It is also proposed that there should be three new positions of Vice Chairmen (25% basic allowance). For the same reasons set out in Paragraphs 8 and 11 the Panel would not support these proposals.

Political Group Management

14. The Panel were pleased to note that payments to Deputy Group Leaders had ceased in line with our previous recommendations. We also noted that minority Group Leaders were receiving a level of payment based on the basic allowance divided by 14 and distributed pro-rata dependent on the number of members in each group. The Panel were informed that some Councils' have set a minimum group minimum number of 3 – 5 members or determined only to pay an allowance to the Leader of the main opposition group - the minimum requirement of the Regulations. The Panel recommends, given the present constituency of the Council, that only the Leader of the controlling group and major opposition group should receive a Group Leaders allowance. This would further streamline the existing scheme and reduce by two the number of SRA's being paid by the Council. Payment should be made on the existing pro-rata basis.
15. The Panel had previously noted that the Regulations make no specific mention of the payment of allowances to Group Secretaries and that in practice these rarely form part of an approved scheme. We do not support a payment to group secretaries. We continue to support the position taken by previous Panels that these as 'political' payments that should not fall on the Council Tax payer. The total is small (£1,543.50 in the current year) but this could make it the subject of a successful challenge. This would reduce by four the number of SRA's being paid by the Council. This would not prohibit a group leader giving some of their allowance for this purpose as a personal arrangement outside the official scheme.

Payment of Special Responsibility Allowances to Independent Members of the Standards Committee.

16. The Panel do not recommend changes to the allowance paid to the independent Chairman. (£1,543.50) The national position is that Chairmen are being paid an allowance with expenses being paid for all co-opted members. An increasing number of Councils like Peterborough are paying a small allowance (currently £771.75) to co-opted members and the specific question has been raised with the Panel as to why this has not also been applied to Parish Council representatives. This is a matter for the Council to determine but there would seem to be logic and equity in recompensing all members of the Standards Committee equally and we recommend accordingly.

Pensions

17. The Panel are aware of the need to recruit high calibre members and that access to the Local Government Pension Scheme could be part of a package that could attract younger members. Nevertheless we remain concerned at the potential cost of implementation and understanding the financial constraints being faced we do not recommend implementation at this time. (52.2% of Councils have been given access for their Members – LGA 2008 Survey)

Mayoral allowances

18. The Panel previously had a strong case made to us for a significant increase in the Mayoral allowance and that of the Deputy Mayor. We recognise that the position of the First Citizen of the City needs to be properly funded and we noted the action that has been taken by the Council to increase the allowance to £12,000 in 2009-10 of which 20% (£2400) is paid in 12 equal instalments (direct payment) and 80% is retained centrally to cover expenses. In the light of the representation made to us by the Mayor the Panel would ask that the Council reconsiders the method of payment in order to streamline administration and simplify control of expenses whilst setting strict financial limits.
19. Examination of these allowances which technically falls outside the Member allowances scheme brought to the Panel's attention the fact that we had previously agreed to a small SRA (25% basic) being paid to the Mayor in recognition of the important role of Chairing Council meetings. We would recommend that this should cease and be subsumed within the overall Mayoral allowance of £12,000. The direct payment part of the allowance should be increased to say £6,000 (50% of the Mayor's Allowance). As in the past this would cover items such as clothing, travel, telephone but in future could cover other items such as donations, raffle tickets, prizes and the consort's expenses.
20. Taking this action would give the Mayor more freedom, streamline administration and, within clearly defined financial limits, give her greater flexibility to do the job without having to justify every small payment made to carry out effectively this significant role of representing the City of Peterborough. The Panel recommend that the Council should cease to pay a small SRA to the Mayor but should increase the direct payment component of the Mayoral allowance to cover all aspects of 'personal' expenditure to be clearly redefined in the Council's Constitution Civic Protocol. The Panel were not requested to consider any change in the Deputy Mayor's allowance.

Other issues identified by members.

21. We considered in detail all the issues presented to us in writing by members and have taken these into consideration in making our recommendations. It is a matter for the Council to make appropriate minor changes to the scheme without any the need to call a meeting of this Panel.

Car parking charges for members

22. The charging of members for car parking was also raised at previous meetings of the Panel. We believe this should be addressed as part of a more major review of the Basic Allowance later in the year at the same time that the Council considers the possible introduction of charges for staff parking. We are therefore recommending that a fundamental review of the Basic Allowance take place in at the same time when the Council considers charging staff for car parking.
23. The Panel are satisfied that the fundamentals of the scheme remain sound i.e. a payment for 60 days per year. Nevertheless we recognise that there is a significant voluntary element over and above - say 20 hours a month. We continue to recommend use of the

Local government Association's daily rate (currently) £149.34 as recommended in February 2008. The calculation is as follows:-

£149.34 x 60 days (5 days per month) = £8,960 say £9,000 (£750 per month)

24. The Council could consider including within this allowance say £550 for telephone expenses, £250 for travel within the City, and £1,000 for a members car parking pass. (i.e. £1,900 for expenses) This would result in a net basic allowance of £7,100. Members who used other forms of transport would obviously benefit from this change and it would to some extent deal with the unfairness of the present arrangements. More importantly it would be in tune with the Council travel plan and local travel plan policy of encouraging use of cycling and public transport and reducing car dependence. This is an objective of Peterborough's status as a sustainable travel town. Adoption of this new approach would also ensure that the Council has not adopted practices that are contrary to Council policy.
25. This proposal obviously requires more detailed work (e.g. the value of the pass) by staff of the Council and would result in some additional costs. Use of the Pass for personal/private purposes would be a potential taxable benefit that will need to be addressed in making these arrangements. But it would achieve a more realistic basic allowance funded, at least in part, by members choosing to pay for their car parking. It would further promote the environmental credentials and objectives of the Council.

Finance

26. The Council has proposed an increase of SRAs from 29 to 43 at an additional cost of £70,495. The Panel is recommending a maximum of 27 SRAs (47% of members) at a net additional cost - if fully implemented - of £51,328. This represents an increase of 25% in the SRA budget. It is a matter for the Council to determine whether this is appropriate in the present financial situation.

Updating

27. We recommend that the scheme of allowances should continue to be updated annually in line with the LGA daily rate as notified by the Local Government Association each February.