

**Review of Financial Support for  
County Councillors**

**Report of the Independent Remuneration Panel  
Commissioned by Worcestershire County Council**

November 2005

## Section One

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## Section Two

### Membership of the Panel

2.1 The Independent Remuneration Panel comprises the following members:-

<b>Professor Michael Clarke</b>	Vice-Principal and Pro Vice-Chancellor – University of Birmingham
<b>Jacqui Cravos</b>	Former Chairman, Worcestershire Health Authority
<b>Christine Jones</b>	Chief Executive – Herefordshire and Worcestershire Chamber of Commerce
<b>Richard Quallington</b>	Chief Executive – Community First

2.2 Administrative support was provided by John Jordan, Democratic Services Manager, Corporate Services Directorate.

## **Section Three**

### **Introduction**

- 3.1 When we conducted our first review of Councillors' allowances in 2000, we established some basic principles and ground rules. These we have re-visited on each of the occasions that we have reported in the interim. We have similarly gone back to them in the course of recent weeks.
- 3.2 We accepted as a fundamental premise in 2000 that it is contrary to the basic idea of local democracy that the recruitment of Councillors should be limited only to a restricted group who can afford to provide an open-ended commitment with little or no remuneration in respect of their contribution. We continue to accept this.
- 3.3 We also accepted, in our first review, that altruism and a sense of public service or duty should not be disregarded. We stated then that we believe that nobody should seek Council office simply for the money involved. We continue to believe this and this principle was re-affirmed as part of our discussions with Councillors. We recognise that the idea of voluntary service has underpinned the traditional approach to local government; we also accept that it needs to be balanced by a reasonable level of proper financial support.
- 3.4 When we were asked to report originally, we were doing so in the shadow of the then Local Government Bill which, in due course, became the Local Government Act 2000. This abolished the traditional attendance allowance (the Government believing that it reflected and reinforced an "attendance culture"). We replaced the attendance allowance with a basic allowance paid to all Councillors. We then recommended a set of allowances which recognised levels of special responsibility. We were pleased to note, in the course of this review, that the basic allowance

commands widespread support and so affirm its continued existence. We believe that in relation to this basic allowance, it is important that the principles of transparency and accountability continue to apply. That is to say, transparency about the level of payment and on what it is based; and the accountability of those to whom the money is paid. We are pleased to see that County Councillors and political groups are making serious attempts to pursue their own arrangements on performance management. We encourage this.

3.5 The second major consequence of the Local Government Act 2000 was the development of new internal political and management arrangements which are now well rooted across local government. The emergence of the Cabinet and the Executive Portfolio holder on the one hand and the scrutiny role on the other have transformed the way in which Councils do business. In 2000, we proposed a set of special responsibility allowances for key players in the Council – in both Executive and Scrutiny roles. Our underlying principle was again to secure transparency, but to combine it with simplicity and to ensure that the special responsibility allowances were *special* and not indiscriminately applied.

3.6 Again, we have made a number of changes to these special responsibility allowances in the interim, while reflecting the changes which were taking place in the County Council at the time. This has again been our motivation in the review we have conducted in recent weeks. We are pleased to be able to recommend further simplification to the arrangements in this report and to make recommendations which both recognise the weight of responsibility carried by Cabinet members, the changes in the Scrutiny role; and, notably, the creation of an Audit and Governance Committee.

3.7 While we have obviously been concerned in the review with the contemporary realities of Worcestershire County Council, we have also been at pains to explore

the way in which neighbouring and peer group Councils have been developing their arrangements. We said in our original report that Worcestershire should not be out of line with its sister Councils and that is the position which we still adhere to. In trying to better understand the pressures on and responsibilities of Councillors in this review, we have also gathered information from all Councillors via a questionnaire and had an extremely useful conversation with a cross-section of Councillors, Executive and non-executive.

## **Section Four**

### **Basic Allowance**

- 4.1 As already indicated, the Councillor questionnaire and our discussions with the cross-section of Councillors suggests that, there remains a consensus that the level of Basic Allowance currently payable is pitched at the correct level and still commends widespread support.
- 4.2 The Basic Allowance is intended to take account of costs incurred by Councillors both in terms of time devoted and the infrastructure costs necessary to assist them to undertake their various roles. It has been suggested that, with the influx of new Councillors, it would be helpful if we provided some further detailed clarification on the both on the purpose of the Basic and Special Responsibility Allowances and the expenses which should reasonably be met from within each allowance. We will undertake this further work during the coming months.
- 4.3 There does also appear to be some concern about our recommendation in May 2005 to uplift the Basic Allowance to £8,200 and transfer the cost of connecting to the Internet and purchase of IT consumables to Councillors. Whilst we still believe that the principle behind this decision remains sound, we will, in response to these concerns, undertake some further work on the detail and make sure that the structure of the allowances scheme is both clear and transparent and tax efficient.

## Section Five

### Special Responsibility Allowances

5.1 We last reported to the Council in June 2005. That report set out the results of a further consideration of the nature and level of Special Responsibility Allowances following the May 2005 Elections. At that time we made a series of recommendations relating to Special Responsibility Allowances but were of the opinion that a further re-assessment was necessary in the autumn in the light of experience of how the new Council would develop.

5.2 The Special Responsibility Allowances currently payable are as follows:-

<b>Band</b>	<b>Amount</b>	<b>Role</b>	<b>No</b>	<b>Total Payable</b>
1	£26,500	Leader of the Council	1	£26,500
2	£17,500	Leader of the Labour Group *	1	£17,500
3	£13,250	Chairman of the County Council	1	£13,250
		Cabinet Members with Responsibility	6	£79,500
	£10,590	Chairman of the Overview and Scrutiny Steering Committee**	1	£10,590
4	£8,850	Leader of the Liberal Democrat Group	1	£8,850
		Lead Scrutiny Members (Including Health Chairman)	6	£53,100
		Chairman of the Planning and Regulatory Committee	1	£8,850
		Chairman of the Audit Committee	1	£8,850
5	£5,300	Vice-Chairman of the County Council	1	£5,300
		Advisers to Cabinet Members with Responsibility	4	£21,200
			24	£253,490

\* Reduces to Band 3 (£13,250) if not OSSC Chair.

\*\* Not payable under current circumstances

5.3 In undertaking this further review we have met on three occasions and have had regard to comparator information from comparable Councils, views expressed via the Councillor questionnaire on Allowances and views expressed during our session with a cross-section of Councillors. Our further research leads us to a number of conclusions:-

- The role of the Leader of the Council has changed and the move towards a single party Cabinet has undoubtedly brought with it an increased workload and required different ways of working which have added to the responsibility.
- It is clear that the responsibility and time commitment placed on Cabinet Members continues to increase. There is a need to reflect this continued upward trend in the level of allowances payable.
- The Council's approach to Scrutiny continues to develop and the role of effectively co-ordinating the Council's Scrutiny programme is increasingly demanding. The Chairman of the Overview and Scrutiny Steering Committee has a fundamental role to play in ensuring that effective scrutiny is in place and the allowance payable to that position holder should reflect that responsibility
- Whilst accepting our previous principle that allowances to Group Leaders should only be payable to those party leaders with five or more group members, there is an opportunity to bring forward a consistent approach towards the payment of such allowances.
- The opportunity should now be taken to re-enforce the 'one allowance' principle which permits no Councillor to receive more than one Special Responsibility Allowance from the County Council.

- There are different considerations surrounding the payment of an allowance to the Chairman and Vice-Chairman of the Council. Unlike the remainder of the Special Responsibility Allowances payable, the allowances payable to the Chairman and Vice-Chairman of the Council do not relate to political positions. There are different factors influencing the payment of special allowances in respect of these roles. We believe that there would be merit in paying any such allowance under separate provisions in the Local Government Act 1972 in the future.
- The Chairman of the County Council is the Council's Civic figurehead. In addition to the civic and ceremonial role, the Chairman has a key role to play in promoting Worcestershire across a range of partners and organisations. We have therefore concluded that the post should continue to attract the current level of allowances, although this should, in future, be payable as an allowance under the Local Government Act 1972 rather than being included in the list of Special Responsibility Allowances
- As part of our deliberations in June 2005, we identified reservations about the appropriateness of the Special Responsibility Allowance payable to the Vice-Chairman of the County Council. We said that we would wish to consider the justification for continuing to pay this allowance in time to make recommendations to the annual meeting of the Council in 2006 and would welcome any views about this in the meantime.
- A number of respondents to the Member questionnaire have also questioned the continued payment of such an allowance. This, coupled with the fact that the payment of such an allowance is inconsistent with our approach towards

allowances for other Vice-Chairmen makes it difficult to justify paying such an allowance in the future. We have therefore concluded that, following the annual meeting of the Council in May 2006, this post should cease to attract any additional special allowance.

5.4 Taking all the factors into account we have concluded that the level and nature of allowances payable should be as follows:-

<b>Band</b>	<b>Amount of Allowance</b>	<b>Role</b>	<b>No.</b>	<b>Total payable</b>
1	£28,250	Leader of the Council	1	28,250
2	£15,000	Cabinet Member with Responsibility Chairman of the Overview and Scrutiny Steering Committee	6 1	90,000 15,000
3	£8,850	Leader of the Conservative Group * Leader of the Labour Group * Leader of the Liberal Democrat Group Lead Scrutiny Members (including Health Chairman) Chairman of the Planning and Regulatory Committee Chairman of the Audit and Governance Committee	1 1 1 6 1 1	- - 8,850 53,100 8,850 8,850
4	£5,300	Advisers to Cabinet Members with Responsibility	4	21,200
			<b>23</b>	<b>£234,100</b>

\* Not payable under current circumstances

5.5 We are pleased to note that these revised proposals are broadly cost neutral. Furthermore, under the current arrangements, 21 Councillors (37% of Councillors) would be in receipt of a Special Responsibility Allowance. We believe this to be in the spirit of the 2000 Act and in line with the thinking of our first report.

## Section Six

### Other Related Allowances Matters

- 6.1 As part of this report we have already identified a number of issues which we will wish to give further consideration to.
- 6.2 An issue which has come to the fore since our last consideration is the admission of Councillors into the Local Government Pension Scheme. Until recently, there was a limited desire on the part of Councillors to join the Scheme. This was largely due to the Council's age profile and the fact that a large percentage of Councillors would be ineligible.
- 6.3 The age profile of the Council has reduced since the last elections and there is, for the first time, a clear desire on the part of the majority of the respondents to the Member questionnaire to consider admission to the scheme.
- 6.4 There is work going on nationally on the issue of Pensions for Councillors. We will therefore give this issue detailed consideration in the light of that work.
- 6.5 As part of our discussions with Councillors the importance of performance management issues was highlighted. These are matters which the Council will need to address, although we are confident that the arrangements the Council are putting in place will help. For our part we will continue to bring forward proposals which provide a framework to assist the Council in this regard.
- 6.6 In the light of recent rises in fuel charges, a number of respondents to the Questionnaire had suggested an increase in the mileage rate payable. The Council has accepted an earlier recommendation from us that in order to maintain a

consistent approach travel and subsistence rates payable to Councillors should mirror those payable to Officers. Any future consideration of travel and subsistence rates is therefore a matter for the Council.

- 6.7 The question of enhanced and tailored packages of support services for leading members was also raised. We are pleased to note that work is currently going to ensure that all Councillors remain effectively supported.

## Section Seven

### Recommendations

7.1 In conclusion, we recommend that:-

#### Basic Allowance

7.2 There be no change be made to the level of Basic Allowance and that it remains at £8,200 per annum.

#### Special Responsibility Allowances

7.3 With effect from 1 December 2005, the following Special Responsibility Allowances be payable:-

Band	Amount	Role
Band 1	£28,250	Leader of the Council
Band 2	£15,000	Cabinet Members with Responsibility Chairman of the Overview and Scrutiny Steering Committee
Band 3	£8,850	Leader of the Conservative Group * Leader of the Labour Group * Leader of the Liberal Democrat Group Lead Scrutiny Members (inc. Health Chairman) Chairman of the Planning and Regulatory Committee Chairman of the Audit and Governance Committee
Band 4	£5,300	Advisers to Cabinet Members with Responsibility

\* Not payable under current circumstances

7.4 With effect from 12 May 2006:-

- the Special Responsibility Allowance currently payable to the Chairman of the Council cease to be paid but that an allowance of £13,250 be instead paid under the provisions of the Local Government Act 1972
- the Special Responsibility Allowance currently payable to the Vice-Chairman of the Council cease to be paid and that no further 'special' allowance be payable

- 7.4 that the Basic, Special Responsibility Allowance and the Allowance paid to the Chairman of the County Council continue to be uplifted annually on 1 April in line with the Retail Price Index
- 7.5 No Councillor shall receive more than one Special Responsibility Allowance from the County Council.
- 7.6 The Panel should take the opportunity in the coming months to reconsider whether to recommend the admission of Councillors into the Local Government Pension Scheme and to ensure that the current detailed scheme of allowances is both clear and transparent and tax efficient.