

MEETING: INDEPENDENT REMUNERATION PANEL
DATE: Monday 21st January, 2013
TIME: 2.00 pm
VENUE: Town Hall, Bootle

Member

Mr. E. Davies
Canon Roger Driver
Steve Dickson
Mr. J. Fraser
Mrs. S. Lowe

COMMITTEE OFFICER: Paul Fraser
Telephone: 0151 934 2068
Fax: 0151 934 2034
E-mail: paul.fraser@sefton.gov.uk

If you have any special needs that may require arrangements to facilitate your attendance at this meeting, please contact the Committee Officer named above, who will endeavour to assist.

This page is intentionally left blank.

AGENDA

Items marked with an * involve key decisions

<u>Item No.</u>	<u>Subject/Author(s)</u>	<u>Wards Affected</u>	
1.	Apologies for Absence		
2.	Declarations of Interest Members are requested to give notice of any disclosable pecuniary interest, which is not already included in their Register of Members' Interests and the nature of that interest, relating to any item on the agenda in accordance with the Members Code of Conduct, before leaving the meeting room during the discussion on that particular item.		
3.	Minutes Minutes of the meeting held on 10 October 2012		(Pages 5 - 8)
4.	Members' Allowances Scheme - Possible Annual Inflationary Indices Report of the Head of Corporate Finance and ICT	All Wards	(Pages 9 - 16)
5.	Member Responses Relating to the Members' Allowance Scheme At its meeting held on 10 October, the Panel considered the principle of index linking increases in Members' Basic Allowances (BA) and resolved, amongst other things, that all Members of the Council be invited to submit their written comments to the Head of Governance and Civic Services on the level of the Basic Allowance and the relativity of the Bands relating to Special Responsibility Allowances; and that all written submissions made by Members be reported to the Panel. In accordance with the decision of the Panel of 10 October the views of Members are attached.	All Wards	(Pages 17 - 20)

This page is intentionally left blank

INDEPENDENT REMUNERATION PANEL

MEETING HELD AT THE TOWN HALL, BOOTLE ON WEDNESDAY 10TH OCTOBER, 2012

PRESENT: Canon Roger Driver, (in the Chair)
Mr. J. Fraser and Mrs. S. Lowe

ALSO PRESENT: Councillors Brodie-Browne and Papworth (in attendance for part of the meeting only)
Andrea Watts, Head of Governance and Civic Services, Margaret Rawding, Head of Corporate Finance and ICT Strategy and Paul Fraser, Senior Democratic Services Officer

9. APOLOGIES FOR ABSENCE

Apologies for absence were received from Mr. E. Davies and Councillor P. Dowd.

10. DECLARATIONS OF INTEREST

No declarations of interest were received.

11. MINUTES

The Panel considered the Minutes of the meeting held on 6 July 2012.

Andrea Watts, Head of Governance and Civic Services updated the Panel on the decision taken by the Council at its meeting held on 5 July 2012 concerning the Members' Allowance Scheme. The recommendation by the Panel, resulting in a saving of £76,000, was noted by the Council and an amended scheme was introduced that resulted in a saving of £148,000. A copy of the approved scheme was circulated to Panel Members.

RESOLVED:

That subject to Minute No. 7 (Members' Allowance Scheme 2012-13) being amended to reflect the fact that all Members of the Council had been invited to submit their comments on the Members' Allowance Scheme, the Minutes of the meeting held on 6 July 2012 be confirmed as a correct record.

12. PRESENTATION ON THE COUNCIL'S FINANCIAL POSITION

The Panel received a presentation from Margaret Rawding, Head of Corporate Finance and ICT Strategy on the Council's financial position.

Mrs. Rawding indicated that the Transformation Programme 2012 – 15 report considered by the Cabinet at its meeting held on 13 September provided details of a package of potential savings options which could be progressed in order to move towards the achievement of a balanced

Agenda Item 3

INDEPENDENT REMUNERATION PANEL- WEDNESDAY 10TH
OCTOBER, 2012

budget in 2013/14 and 2014/15; and that the extent of the options reflected the significant challenge of identifying a further £43.7 million of savings.

Mrs. Rawding highlighted the following points:

- £43.7 million savings had to be achieved from a budget of £240 million. This savings figure was based on the Council's current understanding but factors such as the Chancellor's statement in December may change this figure
- £11 million savings had been approved and that if all options contained in the report to the Cabinet on 11 October 2012, were accepted, then a budget gap of £17 million would remain
- the identified savings in the Cabinet report would have an impact on Council services and impact assessments would be taken on the options
- a reduction in the amount of Early Intervention Grant the Council would receive
- the top slicing of other Central Government grants
- schools opting for Academy status and the impact this had on the Council's finances
- the Council Tax Reduction Scheme that would commence on 1 April, 2013. Government grants to the Council would be 13% less than under the previous Council Tax benefit scheme resulting in residents having to make payments totalling £4 million. The scheme was currently being consulted upon and it was hoped that mechanisms could be used to reduce by £1 million the costs that would be passed on to residents
- the Council Tax freeze announcement made on 8 October 2012
- changes made to the Business Rates system

RESOLVED:

That Margaret Rawding be thanked for her informative presentation.

13. INDEX LINKING OF MEMBERS' ALLOWANCES

Further to Minute No. 7 (2) of the meeting held on 6 June 2012, the Panel considered the principle of index linking increases in Members' Basic Allowances (BA).

Following deliberations on the proposals, Councillors Brodie-Browne and Papworth (the Liberal Democrat and Conservative Group Leaders respectively) attended the meeting and made verbal representations to the Panel on the Members' Allowance Scheme. The views of Councillor P. Dowd, who was not present at the meeting, were also relayed to Panel Members. Following their submissions, Councillors Brodie-Browne and Papworth left the room to enable the Panel Members to formulate their recommendations.

INDEPENDENT REMUNERATION PANEL- WEDNESDAY 10TH
OCTOBER, 2012

RESOLVED: That

- (1) in view of the short/medium term uncertainty of public sector finances, the index linking of increases in Members' Basic Allowances be not approved;
- (2) a further meeting of the Panel be held at 11.00 am on Wednesday, 12 December 2012 at Bootle Town Hall to formulate recommendations for submission to the Council on the Members' Allowance Scheme for 2013/14;
- (3) to aid the Panel in the formulation of its recommendations, a report be submitted to the meeting on 12 December detailing relevant inflationary changes;
- (4) all Members of the Council be invited to submit their written comments to the Head of Governance and Civic Services on the level of the Basic Allowance and the relativity of the Bands relating to Special Responsibility Allowances; and
- (5) all written submissions made by Members be included in the report to the Panel.

This page is intentionally left blank

Agenda Item 4

REPORT TO: **INDEPENDENT REMUNERATION PANEL**
SUBJECT: **POSSIBLE ANNUAL INFLATIONARY INDICES**
DATE: **21 JANUARY 2013**

CONTACT: **Margaret Rawding, Head of Corporate Finance and ICT**

1.0 Background

- 1.1 At its meeting on 10 October 2012, the Panel made a request for information to be provided to aid the formulation of its recommendations to the Council on the Members' Allowance Scheme for 2013/14. Specific reference was made to the identification of any relevant inflationary measures that could be used to amend Members Allowances.
- 1.2 The Local Authorities (Members' Allowances)(England) Regulations 2003, Part Three sections 10 (4) and (5) states:
- 1.2.1 (4) 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 in accordance with such index the scheme shall be deemed not to have been amended.
- 1.2.2 (5) Where an authority has regard to an index for the purpose of annual adjustment of allowances it must not rely on that index for longer than a period of four years before seeking a further recommendation from the independent remuneration panel established in respect of that authority on the application of an index to its scheme.
- 1.3 This report identifies a number of possible options for Members of the Panel to consider in determining future annual uplifts of Members' Allowances.
- 1.4 The Independent Remuneration Panel at its meeting of 6 June 2012 resolved to adopt the following Members' Allowance Scheme as detailed below: -

Agenda Item 4

2012/13 Members' Allowances:

Band	Position	How the Allowance is calculated	Level of Payment	Number of Councillors holding this position	Total cost
4	Leader of the Council	Basic allowance x3	£25,560	1	£25,560
3	Cabinet Members (excluding the Leader of the Council)	Basic allowance x2	£17,040	6	£102,240
2	Senior Councillor	Basic allowance x1.5	£12,780	9	£115,020
1	Councillor	Basic allowance	£8,520	66	£562,320
				TOTAL	£805,140

2.0 Indexation Options

2.1 A wide range of options are available to the Remuneration Panel in which the basic allowances could be up lifted. In the following paragraphs, a number of, what is felt to be the most appropriate indices, have been identified for consideration. An

indicative financial impact of the options is shown in Annex A (using the latest available indices). This may assist the understanding of the options.

- 2.2 The indices identified fall, principally, into two categories; employee benefits and general inflation indices. Each has their own benefits and pitfalls. Employee benefits reflect the increases in remuneration that certain sectors (or all parts) of the economy are receiving, whilst general inflation provides an indication of the price increases affecting the wider economy.

2.2.1 Employee Benefits

- (i) **Local Government Pay Settlement** – This is agreed annually and reflects the national pay bargaining between the national employers and the trade unions.

For information, the Government has indicated that grant settlement for 2013/14 will include a 1% increase in resources for employee costs. However, the actual increase for local government staff would be in line with the pay bargaining between the unions and the Local Government Association.

- (ii) **Average pay increase given to Sefton Council employees** - The Council has in the past kept its pay structure in line with national annual increases. If this were to continue the impact on Members' Allowances would be the same as (i) above. However, should the Council move away from this link, then an alternative local pay scale could be used as a proxy for Members' Allowance increases.

For information, the Council's current budget proposals assume that there will be a move away from the national link. i.e. **no** increase in employee remuneration for 2013/14. The final decision on the budget will not be known until 28 February.

- (iii) **National Pay Scales** – No national pay award is published for the private sector, however, there are infrequent surveys carried out by HR companies.

For information, a survey carried out by XpertHR shows employers predict a 2.5% pay increase for 2013, with an average increase of 2.8% paid in 2012.

Agenda Item 4

- (iv) **Minimum Wage increase** – The Low Pay Commission (LPC) is an independent body established to advise the Government about the National Minimum Wage.

For Information, the LPC recommended an increase to the Minimum Wage of 1.8% with effect from October 2012 for adults (aged 21 and over).

2.2.2 General Inflation

- (I) **Retail Price Index (RPI)** Another option to consider would be to increase Members' Allowances in line with the Retail Price Index (RPI),

For information, this currently stands at 3.0% (as at November).

An alternative to the RPI would be the RPIX rate (RPI excluding Mortgage Interest), which is currently at 2.9%.

The RPI for Housing and Household Expenditure could also be used, which currently stands at 2.7%.

- (II) **Consumer Price Index (CPI)** The final appropriate option to consider is to increase the Basic allowance by the November rate for CPI, which is 2.7%.

- (III) A number of variations of the RPI and CPI could be used to index members' allowances. The indices are both broken down into many sub categories of the various prices and incomes that make up the index, including personal expenditure (4.4% in November) and Food (3.7%). Areas like food are broken down even further so a more detailed breakdown is available with a much greater disbursement in percentages.

2.3 For reference, each increase of 1% in Members' Allowances over the current rate would result in an additional cost of £8,051 for the Council.

2.4 In accordance with legislation, an authority can only agree the method of indexation for a maximum period of four years. After the four year period has elapsed (2017), another report will be required to be presented to this panel.

3.0 Other Authorities Increases

3.1 Sefton Council's nearest neighbours have increased members allowance on the following bases:

Authority	Basis of Indexation
Liverpool	No Index Linking
Knowsley	Indexed to the national pay awards for Local Government Officers
St Helens	Indexed to the national pay awards for Local Government Officers
Wirral	No Index Linking
Halton	Indexed to the national pay awards for Local Government Officers

3.2 A review of other councils approach to indexation around the country shows that the overwhelming majority favour an increase linked to employees pay awards. A number of councils have frozen any indexation in these years of budget pressures.

4.0 Summary

4.1 The financial impact of the potential indices highlighted in this report will result in an increase to Members' Allowances and will therefore lead to an increase to the Council's budget gap. The financial impact of the various options can be seen in Annex A.

5.0 Recommendation

5.1 Members of the Panel note the information on potential inflationary increases.

Agenda Item 4

ANNEX A

FINANCIAL IMPACT OF POTENTIAL INDICES

Index	Rate	Leader of the Council	Cabinet Members	Senior Councillor	Councillor	Total Increase
Local Government Pay Settlement	1%	£256	£1,022	£1,150	£5,623	£8,051
Pay Award for Sefton Employees	0%	£0	£0	£0	£0	£0
Retail Price Index	3.0%	£767	£3,067	£3,451	£16,870	£24,155
Retail Price Index (Excluding mortgage interest)	2.9%	£741	£2,965	£3,336	£16,307	£23,349
Consumer Price Index	2.7%	£690	£2,760	£3,106	£15,183	£21,739

This page is intentionally left blank

Councillor Brodie-Browne

Recommended the same proposal as last time: a 10% reduction in Senior Councillors' rates i.e. 9 members: Leader, Cabinet Members, Chair of Licensing and Regulatory Committee and Chair of Planning Committee).

Councillor Dawson

It would appear that the panel had a very difficult job after the recent local election since the format of responsibilities and roles of various types of council members changed overnight from being in a three party coalition to being councillors on an Authority run by majority single-party government.

The process of 'constructive opposition', which had, previously, very largely been conducted both at individual Cabinet member meetings by 'spokespersons' with SRAs and through the Cabinet meetings themselves (which were much fuller in debate and questioning than they appear to be today) has gone: this responsibility is largely channelled through the Leader and Deputy Leader of the Opposition.

The present allocation of resources for Councillors' Allowances of different kinds in Sefton MBC had to be done in a bit of a hurry in May /June 2012. I would hope that a thorough review this year, reflecting the new circumstances, would carefully consider the reality of the new circumstances, as well as making critical comparison with the situation in other local authorities in our region.

I would like to draw your attention to two specific issues.

(1) the balance between the Allowances paid to ordinary councillors and those paid to Cabinet Members, and other councillors receiving SRAs, appears to be a greater 'divide' in Sefton compared to many, if not all other local authorities in the North West. The SRAs should, in my view, reflect a consideration of both responsibility and workload. This has to be done as an average since the manner in which particular councillors discharge particular functions can vary dramatically even when those functions are nominally rated evenly. Thus, the effort put into performing the role of Cabinet Member can vary dramatically between councillors in one authority. Also, the responsibility of a particular Cabinet Member may be greater than that of another. The present post of Cabinet Member for Children, Families, Schools and Leisure appears to have more responsibilities than is the case with other portfolios.

(2) Opposition is a critical part of any mature democratic process. While the Opposition Leader does not determine decisions directly (s)he is responsible for ensuring the proper and full performance of the questioning and scrutinising which creates the democratic environment in which such decisions are taken. The responsibility of leadership of the principal opposition Party is considerable: this is reflected in the SRA system of most local authorities in the Region which have majority party governance. In most

Agenda Item 5

of these, the SRA for Leader of the Opposition appears to have been determined roughly at the same level as that of a Cabinet Member. In one Authority the opposition leader SRA is actually paid at a higher rate than those of Cabinet Members other than that of Leader/Deputy Leader of the council. In several Authorities, there is a SRA for the Deputy Leader of the main opposition Party: this is a higher payment than that to the Leader of minor opposition parties, presumably reflective of the fact that there is generally far less responsibility falling upon the shoulders of 3rd and 4th party Leaders and far less work of liaison when there is a smaller group to co-ordinate.

I hope the panel members will give the above comments their consideration when reflecting upon the balance of Allowances to be paid between different types of councillors in the coming year. It is my view that the present financial situation places the onus upon councillors to set an example of frugality, hence any 're-balance' between SRA holders and the 'ordinary' allowances should be set by reductions in the former rather than increases in the latter.

Councillor Dutton

My views on the Members Allowances set out below and are as follows:-

1. The Basic Allowance should remain frozen as this has already been reduced over the last two years by 10%;
2. The Chairs of all Committees - Planning, Licensing, O/S and Audit and Governance should all be paid a similar allowance. I would suggest reducing the Planning and Licensing Chairs to the same level as O/S and Audit and Governance; and
3. The Mayoral Allowance should be a straight £12,780 with no Basic Allowance as he/she does not perform any Councillor duties during their term of office!

Councillor Hartill

Personally I am quite happy with the current MBA. However, I do believe that the MBA should follow the same annual rise as all other council employee's. That is. No rise for staff no rise for councillors and vice versa.

Councillor Killen

Please accept my apologies for not responding sooner. My reason for not responding is I don't really have an opinion about Members' Allowances yet I was only elected in May.

Politically speaking, the allowances are not popular with voters and certainly any plan to increase them is always met with disdain.

But it would be very hard to hold down a full-time job and also be a good Councillor. Luckily I do not work full time although I do need to arrange childcare so that I can do council work (the cost of which I can claim back). Without this I would struggle to fulfil my duties adequately.

I'm sure it is even harder to hold down a full-time job for the leader of the council and the leaders of the other parties. There is a requirement for employers to allow you time off for council duties but it does not have to be paid.

So I think allowances should reflect this.

Councillor McGinnity

I personally am of the opinion that the public at large would accept index linking of councillor's allowances to the rate of inflation similar to how the government calculates the annual increase in the state pension, that would I believe be acceptable.

The present system of reviewing them every four years or so is unreal as annual reviews are carried out universally across the nation and are deemed to be a fair method of evaluation of job positions.

Councillor Papworth

1. As regards inflation, I think Members should be treated the same as officers - ie if officers and staff get an inflation increase, so should Members (particularly as the Members took a voluntary pay reduction last year).
2. My opinion of the SRA paid to Committee Chairs remains the one I have consistently expressed over the past three or four years, ie:

Scrutiny Chairs (and perhaps the Chair of Audit and Governance) should get more, and the Chairs of Licensing and Regulatory and Planning should get less. The reason is that the former (a) have to spend more time, and (b) have the power - indeed, the duty – to make a significant contribution to the effectiveness of the Council, whereas the latter are required (by and large) to do no more than implement the law and accept officers' advice.

I say the above from a background of having been chair of one Scrutiny Committee, and Vice-Chair of another and also Licensing and Regulatory. I do however think that the current set-up, with Scrutiny and Audit and Governance Chairs who are just inexperienced poodles of the Cabinet, invalidates my opinion for the time being.

3. I do have a view about the Party Leaders' SRA, but for obvious reasons I will keep it to myself.

Agenda Item 5

Councillor Sir Ron Watson

The question of Members' allowances cannot be seen in isolation and there is no case in my view for any form of increase

I think the percentage schemes adopted in the past have resulted in some slightly odd figures and I would be in favour of reducing the basic allowance to £8,000 with subsequent reductions in the responsibility allowances down to the nearest £1000 ie £17,040 should become £17,000 with basically odd amounts knocked off

The exception I want to raise relates to the Mayoral allowance which I think is totally inadequate and we are getting to the stage when anyone who is prepared to accept the office of Mayor of the Borough has to be prepared to have sufficient independent financial means to subsidise the post

I doubt whether any former Mayors will admit to this but I do know it is the case

I would suggest that the figure be increased to represent both the position and the responsibility and I would recommend a figure of £17,000