
Meeting of the Future Council Scrutiny Committee – 9th June, 2021

Report of the Lead for Law and Governance (Monitoring Officer)

Independent Remuneration Panel – Review of the Members' Allowances Scheme

Purpose of Report

1. To invite the Scrutiny Committee to consider the report of the Independent Remuneration Panel established in accordance with the requirements of the Local Authorities (Members' Allowances) (England) Regulations 2003.

Recommendations

2. That the Scrutiny Committee consider the report of the Independent Remuneration Panel and make any recommendations/observations for consideration by the Council.
3. That the Director of Finance and Legal consider the detailed implications of any comments/observations made by the Scrutiny Committee and, following consultation with both Group Leaders, submit a report to the Council in due course.

Background

4. On 21st December, 2020, the Council established an Independent Remuneration Panel in line with the requirements of the Local Authorities (Members' Allowances) (England) Regulations 2003.
5. The Council has a duty to consider recommendations from the Independent Remuneration Panel when reviewing the Members' Allowances Scheme. In addition, the Council has a statutory duty to review the annual indexing arrangements in the Members' Allowances Scheme every 4 years.

6. The last review of the Members' Allowances Scheme took place in January, 2017 and there is a statutory obligation on the Council to undertake this further review in 2021.
7. To comply with legal obligations, the Independent Remuneration Panel was invited to submit recommendations in advance of the 2021/22 financial year. The report of the Independent Remuneration Panel is attached.
8. The report was considered by the Council on 22nd February, 2021 and it was resolved:
 - That the report of the Independent Remuneration Panel be received and referred for consideration by the appropriate Scrutiny Committee.
 - That, subject to the above, no changes be made to the provisions of the existing Members' Allowances Scheme to apply from 1st April, 2021.
9. The provisions of the existing Members' Allowances Scheme have therefore continued to apply from 1st April, 2021.

Finance

10. Provision has been made for the continuation of the existing Members' Allowances Scheme, including the annual indexing arrangements, in the revenue budget considered by the Council on 1st March, 2021. Following detailed scrutiny, any future recommendations will need to be the subject of a further report to Full Council, including consideration of any associated financial implications.

Law

11. This report is to ensure compliance with the Local Government and Housing Act 1989 and the Local Authorities (Members' Allowances) (England) Regulations 2003.
12. The Council's Constitution was adopted under the Local Government Act 2000. Appointing an Independent Remuneration Panel and adopting a Members' Allowances Scheme are functions reserved to the full Council under Article 4 of the Constitution.

Risk Management

13. The Council will consider any ongoing material risks as part of the Council's Risk Management Framework.

Equality Impact

14. This report has due regard to the Council's policies on equality and diversity.

Human Resources/Organisational Development

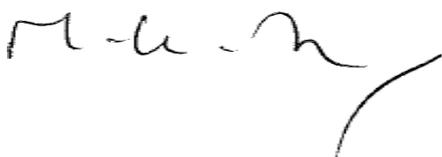
15. There are no additional human resources or organisational development implications.

Commercial/Procurement

16. This report has no commercial impact on the Council's ability to trade or implications relating to compliance with Contract Standing Orders and/or Procurement legislation.

Council Priorities

17. The Members Allowances Scheme forms part of the Council's Constitution, which underpins the delivery of key Council priorities including the Borough Vision, Council Plan and Future Council Programme.



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List of Background Documents

Report of the Independent Remuneration Panel (Attached)

[Report and Minutes of the Council Meeting dated 22nd February, 2021](#)

Report of the Independent Remuneration Panel

1. Introduction

- 1.1 Under the Local Authorities (Members' Allowances) (England) Regulations 2003, the Council has a duty to have regard to recommendations made by an Independent Remuneration Panel when reviewing the Members' Allowances Scheme. In addition, the Council has a duty to review the annual indexing arrangements (ie: cost of living increases) in the Members' Allowances Scheme every 4 years.

2. Membership of the Panel

- 2.1 The Panel comprised three independent persons, namely Mr R Boot OBE DL (Lead of Dudley Group Deputy Lieutenants); Rt Revd M Gorick (The Bishop of Dudley) and Revd A Hadley (the Council's Independent Person for Standards). The Chief Executive, Director of Finance and Legal and the Lead for Law and Governance supported the Panel in its deliberations.

3. Terms of Reference

- 3.1 The Independent Remuneration Panel was asked to consider and make recommendations on:
- The continuation of the annual indexing arrangements for Members' Allowances based on the agreed cost of living pay increases for local authority staff whose pay award is determined by the National Joint Council.
 - The level of Basic Allowance paid to all Members of the Council.
 - The positions that attract Special Responsibility Allowance payments, together with the levels of remuneration paid to those positions.

4. Background

- 4.1 The current Members' Allowances Scheme was last reviewed by an Independent Remuneration Panel in January, 2017. The Scheme was approved by the Council at its meeting on 6th March, 2017, following the receipt of recommendations from the Independent Remuneration Panel. The current Members' Allowances Scheme is attached as Appendix A. The Council has a duty to review the Scheme every 4 years, particularly with reference to annual indexing arrangements (ie: cost of living increases).

4.2 The Panel has considered the current Members' Allowances Scheme (see Appendix A), together with comparator information from other local authorities both regionally and nationally.

5. Findings

5.1 The Council approved a voluntary reduction in Members' Allowances in the 2017/18 financial year. Members' Allowances (including all responsibility allowances with the exception of the Leader of the Council and the Group Leader allowances) were reduced by 5% with effect from 1st April, 2017. The Leader of the Council and Group Leader Allowances were reduced by 10% from the same date. This achieved a saving on Members' Allowances of £46,500.

5.2 The decision to reduce Members' Allowances was taken in the context of severe budget pressures applicable at that time. The reductions were made in parallel with changes to staff terms and conditions, including the imposition of 3 days mandatory unpaid leave equating to a 1.15% salary reduction for the majority of staff. Additionally, employees on Grade 7 and above did not receive the 1% salary increase in 2017. There are draft proposals in the Council's 2021/22 revenue budget strategy to reverse the changes applicable to staff effective from April, 2021.

5.3 It is recognised that Members' Allowances are consistently lower in Dudley than other neighbouring and similar local authorities. Dudley is traditionally regarded as a low cost, low spend authority. The Panel acknowledge the principle that remuneration levels and the reductions previously made should not undermine or devalue the important work and role of local Councillors.

5.4 There have been no significant changes to the Council's governance structures requiring amendments to the Members' Allowances Scheme since the last independent review in 2017. The positions that attract Special Responsibility Allowances remain broadly appropriate.

5.5 The Council is, however, considering a review of the Scrutiny Committee structure for implementation in the 2021/22 municipal year. If approved, this will have the effect of reducing the number of Scrutiny Committees to 4 (from the current 5) resulting in potential savings of £6,438 in Chair/Vice-Chair Special Responsibility Allowance payments. It is acknowledged that the Special Responsibility Allowances paid to Scrutiny Chairs are significantly lower than in neighbouring authorities and there is a need to recognise the important role undertaken by Scrutiny. The role of Shadow Cabinet Members (see paragraph 5.8) is not a replacement for the statutory requirements for local government scrutiny arrangements.

- 5.6 The Panel acknowledge historical concerns about remuneration levels in the context of Members who are in full time employment, the difficulties in attracting people to become Councillors, the increasing use of mobile technology and the ever-increasing demands placed on Councillors and public services by the community. Reference has been made to the demands on Councillors during the Covid-19 pandemic in adapting to new ways of working, including their successful participation in remote meetings. It has also been noted that Dudley had seen an increase in younger people becoming Councillors in recent years.
- 5.7 Attending meetings is a key element of a Councillor's role. Attendance records of Councillors at meetings are publicly available and monitored closely by Political Groups on a regular basis. Members are governed by the six-month's non-attendance rule as stipulated in the Local Government Act 1972. In addition to attending meetings, Councillors undertake a substantial amount of work in their representational role (eg: as 'community champions'), dealing with case work and involvement with various groups and organisations.
- 5.8 The current Members' Allowances Scheme makes no provision to reflect the workload of Lead Opposition Spokespersons (also known as 'Shadow Cabinet Members'), who are regularly required to attend briefings, Cabinet and other meetings. The Panel consider that it would be within the Council's discretion to introduce Special Responsibility Allowances for Lead Opposition Spokespersons. Comparator information should be obtained from other local authorities before determining any remuneration level in proportion to the other Special Responsibility Allowances in the Council's Scheme. The payment of any allowances to Shadow Cabinet Members would not replace the statutory responsibilities of the scrutiny arrangements.
- 5.9 It has been clarified that although the Mayor and Deputy Mayor receive additional payments, these are dealt with separately outside the scope of the Members' Allowances Scheme.
- 5.10 Additional allowances are paid to those Members who are nominated to serve on the West Midlands Fire and Rescue Authority and the West Midlands Combined Authority Transport Delivery Committee. These are also outside the scope of the Council's Members' Allowances Scheme.
- 5.11 The Panel considered that it would be appropriate and defensible for the Council to set an aspiration, in principle, for Basic and Special Responsibility Allowances to be increased towards a reasonable average figure. The Panel considered that the most appropriate comparator is the average of Members' Allowances paid by the other Black Country authorities (see Appendix B).

- 5.12 In conclusion, the Panel accept that Members' Allowances should properly reflect the important role and work undertaken by local Councillors. The level of remuneration should not be seen as a barrier to attracting various groups of people from undertaking the role.
- 5.13 The provisional total budget for Members' Allowances in 2021/22 is £981,900. The Council will need to consider the financial impact and affordability of any amendments to the Scheme, including whether any future increases should be implemented immediately or phased in incrementally over a number of years. The Panel fully acknowledge the need to be sensitive to the national and local context, including associated issues such as the recent publicity concerning MP's pay.

6. Recommendations

- 6.1 That the indexing arrangements for Members' Allowances in future financial years continue to be on the basis of the agreed cost of living pay increases for local authority staff whose pay award is determined by the National Joint Council, the next such increase to be effective from 1st April, 2021.
- 6.2 That the Council consider setting an aspiration, in principle, for Basic and Special Responsibility Allowances to be increased towards a reasonable average figure based upon the average of Members' Allowances paid by the Black Country authorities.
- 6.3 That the Council consider the introduction of Special Responsibility Allowance payments for the Lead Opposition Spokespersons (Shadow Cabinet Members); the level of any such payments to be based on average payments made by other similar local authorities (if any) and/or in proportion to the other Special Responsibility Allowances contained in the Council's Members' Allowances Scheme.
- 6.4 That the Director of Finance and Legal undertake further work on the financial impact and affordability of implementing any amendments to the Members' Allowances Scheme in the context of the revenue budget strategy for 2021/22 and future years.

Independent Remuneration Panel January 2021

DUDLEY METROPOLITAN BOROUGH COUNCIL

LOCAL GOVERNMENT AND HOUSING ACT 1989

LOCAL AUTHORITIES (MEMBERS' ALLOWANCES) (ENGLAND) REGULATIONS 2003

LOCAL GOVERNMENT PENSION SCHEME AND DISCRETIONARY COMPENSATION (LOCAL AUTHORITY MEMBERS IN ENGLAND) REGULATIONS 2003

SCHEME FOR MEMBERS' ALLOWANCES

1. Effective Date

- 1.1 This Scheme shall be effective from 1st April, 2017.
- 1.2 Members may elect to forego any part of their entitlement to an allowance under this Scheme by giving notice in writing to the Director of Finance and Legal.

2. Basic Allowance

- 2.1 Each elected member of the Council will receive an annual basic allowance, to be paid in monthly instalments in arrears. The annual basic allowance shall be £9,654.

3. Telephone Costs and Travel and Subsistence

- 3.1 The costs of telephones are incorporated within the basic allowance.
- 3.2 The cost of travel and subsistence in the West Midlands County area is incorporated into the basic allowance.
- 3.3 Regarding travel outside of the West Midlands County area: -
 - (a) Members are required to travel by public transport wherever practicable, the cost of which shall be reimbursed or paid directly.
 - (b) Where the use of public transport is not practicable, the cost of travel will be reimbursed on the basis of casual user car allowances payable to officers.

- (c) Where members are unable to take main meals in their normal place, the reasonable cost of purchasing a meal and beverage or appropriate refreshments shall be reimbursed, subject to receipts being produced where practicable.

4. Special Responsibility Allowances

- 4.1 The Special Responsibility Allowances payable under this Scheme shall be those set out in Appendix 1 attached. They will be paid in monthly instalments in arrears.
- 4.2 The Special Responsibility Allowances payable to Opposition Party Leaders and Deputy Leaders shall be applicable only where their political group is ten or more elected members in number.

5. Multiple Allowances

- 5.1 Where a Member holds more than one office qualifying for a Special Responsibility Allowance, the Member shall be paid the higher or highest allowance only.

6. Inflation increases

- 6.1 The allowances in this Scheme shall be varied each year in line with the agreed cost of living pay increases for Local Authority staff whose pay award is determined by the National Joint Council.

7. Carer's Allowance

- 7.1 Where an elected member is required to pay a carer in order to attend official Council business, reasonable actual costs of that care will be reimbursed.

8. Absence

- 8.1 All the allowances in this Scheme will be withdrawn where an elected member ceases to be a Councillor for any reason. This includes failure to attend any meetings for six months without their absence being approved by the Council in advance.

9. Processing of Claims

- 9.1 The Director of Finance and Legal will maintain a record of all allowances paid showing the name of the recipient, the amount and the nature of the payment. The record will be available for inspection free of charge by any local government elector for the area of the Borough Council at all reasonable times. Copies of any part of the record may be made.

SPECIAL RESPONSIBILITY ALLOWANCES

	Cabinet/Chair	Deputy/Vice
Leader of the Council	£22,855	
Deputy Leader		£12,066
Cabinet Member	£7,240	
Scrutiny Committees (incl. Audit & Standards)	£4,828	£1,610
Development Control Committee	£7,240	£2,414
Other Committees (Appeals, Licensing & Safety and Taxis)	£4,828	£1,610
Opposition Leaders	£4,573 ¹	£1,610 ¹

1. The Special Responsibility Allowances payable to Opposition Party Leaders and Deputy Leaders shall be applicable only where their political group is ten or more elected members in number.

Appendix B

Comparison with other Black Country Councils

(NB: At the time of production of the report)

	Dudley (£)	Sandwell (£)	Walsall (£)	Wolverhampton (£)	Average (£)
Basic Allowance	9,654	11,049	11,369	9,793	10,466
Special Responsibility Allowances					
Leader	22,855	27,340	23,298	25,000	24,623
Deputy Leader	12,066	24,605	15,214	20,000	17,971
Opposition Group Leader	4,573	-	7,579	15,000	9,051
Opposition Group Deputy Leader	1,610	-	-	2,500	2,055
Cabinet Member	7,240	16,405	11,660	15,000	12,576
Scrutiny Chair	4,828	9,105	7,579	10,000	7,878
Scrutiny Vice-Chair	1,610	5,468	-	2,500	3,193
Development Control Chair	7,240	10,936	7,579	15,000	10,188
Development Control Vice-Chair	2,414	5,468	-	5,000	4,294
Licensing Committee Chair	4,828	10,936	4,737	15,000	8,875
Licensing Committee Vice-Chair	1,610	5,468	-	5,000	4,026

Source: Local Authority Constitutions (available on the internet)