

Members Allowances
A West Midlands Approach

Report of
Independent Panel

Prepared for: West Midlands Joint Committee

November 1995

FOREWORD

In considering the issues around the setting of an allowances scheme for Councillors, the Panel are acutely conscious of the very difficult financial position which local authorities are now facing and are likely to face for some time to come.

Nevertheless, it is necessary to recognise both the considerable time and commitment now expected of all Councillors and also the level of responsibilities undertaken by individual Members.

The increasing complexity of the roles of a Councillor as an elected representative, in the management of modern authorities and the government of local communities means that the workload extends significantly beyond simply attending Council and Committee meetings.

As elected representatives, Councillors are involved in extensive deliberations and consultations with or on behalf of constituents and their community when representing their needs and aspirations within the Council and to other organisations.

Those undertaking additional responsibilities are required to commit considerable time to the development and implementation of policy, the administration and management of specific service areas and the representation of the community at regional and national levels.

Only a small part of this commitment is recognised through existing allowance schemes which have developed generally within the context of controlling expenditure rather than on any concept of paying the "rate for the job".

A new scheme should aim to replace any element of paying for "turning up" at meetings with a system of recognition for the commitment and complexity of the roles undertaken by Councillors.

It is also essential to address the fact that allowances have in the words of the Widdicombe Committee "been allowed to arbitrarily fall in real terms" and that "councillors are carrying out major statutory duties which in other public sectors would carry substantial remuneration".

The purpose of any scheme should be to support and enhance the democratic process by providing the opportunity for people from a wide range of backgrounds and with a wide range of skills to serve as Local Councillors and to remove the barrier of significant financial disadvantage to such participation.

The decision on the level of allowances and the timing of the introduction of a new scheme clearly rests with individual Councils but the Panel considers that the recommendations made in this report set out principles and a framework which represent a reasonable basis upon which a scheme could be formed.

Inevitably a report recommending a system of increased allowance payments is likely to attract media attention but it is hoped that this will be in the form of balanced and informed coverage with objective analysis of the issues which would encourage further constructive debate.

I would like to place on record my appreciation of the time freely given by fellow members of the Panel and of their valued contribution in dealing with the volume of information received and the complex issues involved.

I would also like to thank the Councillors and Officers of the West Midlands District Councils for the provision of information and support to the operation of the Panel.

JOHN HAWKSLEY
CHAIRPERSON OF PANEL

INTRODUCTION

1. BACKGROUND

1.1 Members' Allowances Regulations

The Local Authorities [Members' Allowances] Amendment Regulations 1995 provide Councils with the discretion to determine or amend a scheme for the payment of Members' Allowances which in the words of Tony Baldry [the then Environment Minister] would "encourage people with a wide range of backgrounds, experience and skills to serve as Councillors" and which would also "allow local authorities to give more adequate remuneration to those Councillors with special responsibilities".

1.2 West Midlands Joint Committee

In recognition of the desirability of taking into account the views of representatives of the business community and the community at large, the West Midlands Joint Committee on behalf of the seven West Midlands District Councils, established an Independent Panel to consider and make recommendations on appropriate allowances for local authority Members.

2. MEMBERSHIP OF PANEL

John Hawksley, President of the Birmingham Chamber of Commerce [Chairperson].

The Right Reverend Simon Barrington-Ward, Lord Bishop of Coventry.

Professor John Benington, Director of the Local Government Centre, University of Warwick.

Sir Adrian Cadbury.

Helen Grew, Secretary of the West Midlands Pensioners Convention.

Sid Platt, Regional Chairperson of the Trades Union Congress.

3. TERMS OF REFERENCE

- a) Review the guidance issued by the Local Government Associations.
- b) Make comparisons with allowances paid by similar bodies.
- c) Consider schemes adopted by COSLA and approved by the Secretary of State for Scotland.
- d) Consider the findings of the Independent Panel established by the Association of West Yorkshire Authorities.
- e) Recommend the basis of a Scheme which would provide an appropriate level of Allowances for Members.

METHODOLOGY

4.1 Meetings

Two formal meetings of the Panel were held on 30 October and 15 November.

4.2 Reports Received

Background to the Payment of Members Allowances

Since 1974 when attendance allowances were first introduced, the value of allowances has been allowed to fall in real terms. The new allowances introduced in 1981 [Special Responsibility Allowance] and in 1991 [Basic Allowance] have not redressed this trend.

In 1986, the Widdicombe Committee recommended a Basic Allowance for all Members of £4,000. If adjusted for inflation, the value in 1995 would be £6,128.

Currently, the highest Basic Allowance paid by a West Midlands District Council is £2,384 which was set within the limits laid down in the former Regulations.

However, this is still only 60% of the Basic Allowance recommended by the Widdicombe Committee and is less than 39% of the amount when inflation is taken into account..

Guidance Issued by the Local Authority Associations

Leading members of all three political parties in the three Local Authority Associations agreed a Guidance Note to assist Councils in their deliberations on the implementation of schemes under the new Regulations.

The principal recommendations were that a benchmark based on the national median white collar wage [then £86 per day session] should be used with the actual level of payments related to the time spent by Members undertaking broad and specific responsibilities.

Comparison with payments made under Government determined schemes indicated payments of £5,300 for members of Urban Development Corporations [equivalent to £204 per day] and of £5,000 for members of District Health Authorities [equivalent to £192 per day].

Association of West Yorkshire Authorities - Independent Panel and Leeds Scheme

The Panel examined the scheme proposed by Leeds City Council with particular reference to parallels in the business, academic and voluntary sectors and to Quangos and other Government bodies.

Its principal findings were that the use of the £86 per day session as a benchmark was reasonable in comparison with similar private and academic sector positions and the proposed payment of a Special Responsibility Allowance of £17,200 to the Leader of the Council was justified taking into account the duties of a Leader of a large Metropolitan Council.

The Convention of Scottish Local Authorities - Advice to New Councils

Following discussions with Councils, Regulations were issued by the Secretary of State for Scotland which allowed the payment of £6,000 per Member as a Basic Allowance.

In addition, the Convention of Scottish Local Authorities issued advice on levels of Special Responsibility Allowances which recommended the payment of an allowance of £18,000 to the Leader of a Council where the population exceeded 150,000.

Present Arrangements in West Midlands District Councils

Across the seven West Midlands District Councils, the average Basic Allowance is currently £1,086 [£20.88 per week].

The average Special Responsibility Allowance paid to the Leaders in these Councils is £4,523 [£86.98 per week] with the highest individual payment being £8,440.

Even at this maximum, it is only 49% of that paid to the Leader in Leeds and 47% of that paid for Leaders of Scottish Councils with a population exceeding 150,000..

4.3 Additional Information Requested and Reviewed

Time Commitment of Members

The time spent by Members on various categories of council duties was established through a survey of all West Midlands District Councillors.

There was a response rate of over 50% and the results are summarised in Appendix 1.

In the opinion of the Panel, the average time commitments identified represent a sound basis upon which an allowances scheme could be developed by individual Councils.

Allowances Set by Local Authorities under the 1995 Regulations.

Where Councils have determined schemes under the new Regulations, the level of allowances have been designed to reflect the time commitment made by Members with a number of authorities opting to pay a substantial Basic Allowance in preference to a combined Basic/Attendance Allowance scheme.

Appendix 2 summarises the information received and the present payments made in West Midlands District Councils.

The highest level of Basic Allowance in the survey was £6,503.64 and the same authority had also introduced a Special Responsibility Allowance of £15,548.52 for its Leader.

PRINCIPLES OF A SCHEME

5.1 Opportunity and Encouragement to Serve

The scheme should provide the opportunity and encouragement for people from a wide range of backgrounds and with a wide range of skills to serve as Local Councillors.

5.2 Removal of Financial Barriers

The scheme should be designed so as to ensure that people who participate in and contribute to the democratic process are not financially disadvantaged by so doing.

5.3 Reward for Value and Complexity

The scheme should aim to replace payments for attendance at meetings with a system of reward for the commitment and complexity of the roles undertaken by Councillors.

5.4 Purpose of Basic Allowance

The Basic Allowance should be set at a level which

- a) Reflects the time commitment expected of all Members for core activities.
- b) Replaces the need for a system of paying for attendance at individual meetings.
- c) Represents in overall terms, a reasonable "rate for the job".
- d) Recompenses Members for all other costs, except additional travelling and subsistence expenses, which may be incurred e.g. telephone rental and business calls, carer costs.

5.5 Purpose of Special Responsibility Allowance

Special Responsibility Allowance should be designed to recognise specific positions with special responsibilities as well as any other roles identified by authorities where Members are expected to take on additional responsibilities.

5.6 Choice for Individual Members

Members should be able to opt to receive all, part or none of the allowances proposed under any scheme. Options should be made in writing and should remain in force until withdrawn in writing.

5.7 Indicator and Annual Review

The average non manual male wage for 'All Industries and Services' as published in the 'New Earnings Survey' and converted into a per day session rate, should be used as the benchmark by which allowance rates are initially determined and are reviewed annually.

Based on the 1995 published figures, the day session rate is now £88.66.

5.8 Time Commitment

In arriving at actual schemes, Councils should have regard to the level of time commitment established by the survey of West Midlands District Councillors [see Appendix 1].

ATTENDANCE ALLOWANCE

6.1 Recognising Time and Commitment

A core element of a Member's role is attending individual Council and Committee meetings, undertaking other specified duties and representing the Council or its Committees on outside bodies.

In our view, recognition of the time and commitment involved in such activity is better rewarded as part of the Basic Allowance rather than by way of the payment of Attendance Allowances.

ELEMENTS OF A SCHEME

7.1 Basis for a New Scheme

We recommend that Members should be remunerated through a Scheme that recognises three separate elements:-

- a) Core activities in relation to constituency/advice bureaux work, preparation/attendance at meetings and representation of Council and Committees on outside bodies which would be similar across all authorities.
- b) Additional responsibilities, roles and tasks which may be identified within individual authorities.
- c) Special responsibilities relating to specific positions.

BASIC ALLOWANCE

8.1 Scope of Allowance

We recommend that the Basic Allowance should cover the core activities of

- a) Constituency/advice bureaux work including the representative role on behalf of individuals and the local community.
- b) Core committee activity including preparation for and attendance at Council and Committee meetings, interview panels, visits, seminars and other related activity at a level which would be similar across other authorities.
- c) Representation of the Council and its Committees on outside bodies at a level which would be similar across other authorities.

8.2 Average Day Sessions

Based on the survey of West Midlands District Councils, the average number of day sessions recommended for inclusion in the payment of Basic Allowance is 90 days comprising:-

- | | |
|---|----------|
| a) Constituency/Advice Bureaux Work | 56 days. |
| b) Committee Related Activity | 23 days. |
| c) Representation on Outside Bodies | 11 days. |

The elements of Committee Related Activity and Representation on Outside Bodies have been rated at 50% of the survey average on the basis that the balance can be recognised through the proposals for Additional Responsibilities [Section 9].

8.3 Range Across Councils

Appendix 1 indicates the overall range across Councils of the survey findings and individual authorities will need to give consideration to such variations in establishing their own schemes.

ADDITIONAL RESPONSIBILITIES

9.1 Additional Roles and Responsibilities

We recommend that authorities should consider paying an allowance by way of a Special Responsibility Allowance for the additional roles in the following categories:-

- a) Tasks outside or across the formal committee structure.
- b) Representation of Council on outside bodies particularly at regional and national level.
- c) Membership of a Committee or Sub Committee which meets with exceptional frequency or for exceptionally long periods.

The process at arriving at an allowance rate should comprise evaluation of the size and complexity of the responsibility, identification of the time commitment in day sessions and then application of the day session rate to arrive at an actual value.

Whilst it is not possible to recommend specific day session levels for such additional roles, it would be reasonable to anticipate that they would not be above the range of 8 to 16 days for each role.

SPECIAL RESPONSIBILITY ALLOWANCE

10.1 Specified Positions

We recommend payment of Special Responsibility Allowance for the following positions:-

- a) Leader and Deputy Leader.
- b) Chairpersons and Vice Chairpersons of Committees and, where justified for certain Sub Committees.
- c) Lead Members for specified areas of responsibility, activity or service.
- d) Leader and Deputy Leader of Opposition Groups provided that the Group has a minimum of 10% of total seats.
- e) Shadow Chairpersons/Spokespersons provided that the Opposition Group has a minimum of 20% of total seats.

10.2 Average Day Sessions

Based on the results of the survey of West Midlands District Councils, the recommended day sessions for each specified position is as follows:-

POSITION	DAY SESSIONS PER ANNUM
Leader [excluding Chairperson role]	65
Deputy Leader [excluding Chairperson role]	16
Chairperson/Lead Member	32.5 to 65
Vice Chairperson	8 to 16
Leader of Opposition [Minimum of 20% of seats]	40
Deputy Leader [Minimum of 20% of seats]	10
Shadow Chairperson/Spokesperson [Minimum of 20% of seats]	8 to 16
Leader of Opposition [Between 10% and 19% of total seats]	20
Deputy Leader of Opposition [Between 10% and 19% of total seats]	5

10.3 Payment Arrangements

The Leader and Deputy Leader should be entitled to remuneration in respect of their roles and also to receive additional Special Responsibility Allowances in cases where they also chair a committee or undertake other additional responsibilities.

Given the concept of the "rate for the job", the Panel sees no reason why that entitlement should not apply equally to other Members who undertake more than one role for which a Special Responsibility Allowance is payable.

However, in such circumstances, authorities may wish to determine a maximum limit on the number of day sessions that can be paid when different Special Responsibility Allowance roles and the allocation within the Basic Allowance are aggregated.

IMPLEMENTATION

11.1 Financial Implications

The proposals, using the survey results, are summarised in Appendix 3 along with the financial implications and a comparison with the current arrangements.

11.2 Phasing

It is appreciated that in order to address the fact that allowances have been allowed to fall in real terms over a number of years, the recommendations will result in significant increases in allowances

However, we believe and recommend that new schemes for Members Allowances should be established and maintained in line with the principles set out in Section 5 of this report.

It is recognised however that in order to achieve these objectives, it may be necessary to phase in the increases and phase out the payment of attendance allowance, over a period of time which is determined by individual authorities.

11.3 Local Determination

The timescale for the introduction of new or amended schemes and the actual level of allowances is a matter for determination by individual Councils in the light of local circumstances.

11.4 Public Awareness

Any scheme adopted should have in built procedures and controls which promote public awareness and acceptability of the arrangements.

This can be achieved through the application of existing/new statutory provisions together with specific decisions taken by Councils i.e.

- a) Access for those on the Electoral Register to inspect [free of charge and at all reasonable times] the records of the recipient, amount and nature of allowances paid.
- b) Publication within the authority's area of the scheme and any amendment made to it.
- c) Publication within the authority's area of the total sum paid to each Member under the individual categories of Basic, Special Responsibility and Attendance Allowances.
- d) Operation of separate cash limited budgets for Basic and Special Responsibility Allowances.

MEMBERS ALLOWANCES: A WEST MIDLANDS APPROACH

MEMBERS' TIME COMMITMENT - SURVEY OF COUNCILLORS IN WEST MIDLANDS DISTRICT COUNCILS

Following a survey of all 486 West Midlands District Councillors to which there was over a 50% response, the table below represents the average time commitment of Members in various categories.

	8 HOUR WORKING DAYS	
	AVERAGE	RANGE
ALL MEMBERS		
ACTIVITY		
Constituency/Advice Bureaux Work	56	29-85
Committee Work	46	27-57
Representation on Outside Bodies	<u>19</u>	<u>14-23</u>
	121	70-165
POSITION WITH SPECIAL RESPONSIBILITY		
Leader/Chairperson of "Policy"	136	67-195
Deputy Leader	15	6-21
Chairperson/Lead Member	54	23-67
Vice Chairperson	15	6-36
Leader of Opposition Group	55	24-105
Deputy Leader of Opposition Group	30	15-45
Shadow Chairperson/Spokesperson	16	8-26

MEMBERS ALLOWANCES: A WEST MIDLANDS APPROACH

ALLOWANCES IN OTHER AUTHORITIES

Summarised below are allowances paid in other authorities [with the exception of the seven West Midlands District Councils, the authorities listed have determined schemes utilising the discretion under the new Regulations]:-

AUTHORITY	BASIC £	ATTENDANCE £	SPECIAL RESPONSIBILITY £
BARNSLEY	6,503.64	NOT PAID	360.36 to 15,548.52
DONCASTER	6,000	NOT PAID	1,100 to 11,000 *
LEEDS	2,150	21.50	1,075 to 8,600 **
LIVERPOOL	1,000	24.00	1,500 to 6,000
MANCHESTER	5,160	NOT PAID	2,064 to 12,384
ROTHERHAM	3,024	NOT PAID	264 to 2,092

WEST MIDLANDS COUNCILS

BIRMINGHAM	965	11.40/22.80	140 to 7,140
COVENTRY	2,384	NOT PAID	825 to 8,440
DUDLEY	786	23.70	312 to 2,496
SANDWELL	702.77	23.50	250 to 4,000
SOLIHULL	750	21.00	300 to 1,000
WALSALL	1,578	17.37	100 to 5,163
WOLVERHAMPTON	766	24.00	250 to 3,420

[* = additional £500 if elected to more than one position on special responsibility schedule]

[** = can be paid allowances for Committee and Group responsibilities i.e. £17,200 maximum].

AAPPENDIX 3

MEMBERS ALLOWANCES: A WEST MIDLANDS APPROACH

SUMMARY OF REPORT PROPOSALS AND FINANCIAL IMPLICATIONS

BASIC ALLOWANCE [ALL MEMBERS]

	PROPOSALS IN REPORT		CURRENT AVERAGE	
	DAYS	£ *	£	DAYS
Constituency/Advice Work	56	4,965	1,086	12
Committee Work	23	2,040	798	9
Representation on Outside Bodies	<u>11</u>	<u>975</u>	<u>337</u>	<u>4</u>
	90	7,980	2,221	25

SPECIAL RESPONSIBILITY ALLOWANCES

	PROPOSALS IN REPORT		CURRENT AVERAGE COSTS	
	DAYS	£	£	DAYS
Leader/Chairperson of Committee	130	11,525	1,000 to 8,440	[11.5 to 95]
Deputy Leader/Chairperson	81	7,180	525 to 2,550	[6 to 30]
Chairperson - Maximum	65	5,760	525 to 2,550	[6 to 30]
Minimum	32.5	2,880	250 to 765	[3 to 9]
Vice Chairperson - Maximum	16	1,420	250 to 825	[3 to 9.5]
Minimum	8	710	140	[1.5]

OPPOSITION GROUP [At least 20% of seats]

Leader	40	3,545	600 to 2,550	[7 to 30]
Deputy Leader	10	890	250 to 608	[3 to 7]
Shadow Chairperson - Maximum	16	1,420	} 100 to 300	} [1 to 3.5]
Minimum	8	710		

OTHER OPPOSITION GROUP [10 to 19% of seats]

Leader	20	1,775	250 to 600	[3 to 7]
Deputy Leader	5	445	250	[3]

[* Based on 1995 Average Non Manual Wage for "All Industries and Services" i.e. £88.66 per day].