

Appendix 1 – Report by the Independent Remuneration Panel

Title of meeting: Governance & Audit & Standards –
Wednesday 16 January 2013

Council – Tuesday 22 January 2013

Subject: Members' Allowances Review 2012

Report by: Independent Remuneration Panel

1. Purpose of report

- 1.1 To outline the recommendations of the Independent Remuneration Panel (IRP) 2012.

2. Background

- 2.1 Under the Local Authorities (Members' Allowances) (England) Regulations 2003, Portsmouth City Council is required to have an Independent Remuneration Panel to review the Members' Allowance Scheme. The last review took place in 2008/early 2009.
- 2.2 In accordance with recommended practices, an Independent Remuneration Panel was consequently formed to review the Portsmouth City Council Members' Allowance, as set out in the Constitution within the necessary timescale.
- 2.3 The Independent Remuneration Panel formed in 2012 comprised representatives of the local Business, Public, Voluntary and Community sectors:

Professor John Craven, Vice Chancellor, University of Portsmouth (Chair);
Mark Waldron, Editor of *The News*, Portsmouth;
Ursula Ward, Chief Executive, Portsmouth Hospital NHS Trust;
Sue Dovey, Chief Executive, Community Action Hampshire;
Revd Canon David Hopgood, Dean, St John's Cathedral;
Walter Cha, Managing Partner, Blake Laphorn.

- 2.4 The Panel met on two occasions in November and December 2012, when it considered externally gathered evidence, and reviewed responses from the Councillors' survey. All Panel members were consulted by e-mail, though not all could attend both meetings.

Appendix 1 – Report by the Independent Remuneration Panel

3. Main conclusions of the panel

- 3.1 The panel received comments comparing Members' Allowances to salaries paid to employees of the City Council and more widely. The panel has noted these, but reflects that elected members are not employees, that they volunteer to take on the role of councillor and that they are accountable to their electors rather than through the normal employment relationship. The purpose of the allowances is to recognise that Members' duties may prevent them from exploiting their full earning power (by having part-time rather than full-time employment, or reduced opportunities for overtime payments, for example). The allowances are not driven by a job evaluation comparison which would consider responsibilities relative to other roles, and are not direct compensation to individual Members for their foregone earnings, which might be at very different levels depending on Members' other earning opportunities. We were absolutely clear that no allowance should compensate for time spent on political activities, including campaigning for election or re-election.
- 3.2 The 2008 panel recommended that the basic allowance should be set at one half of the national median wage, and we recommend that the same basis is used again. This reflects the principle put forward above that the allowance reflects the likelihood that members will not be able to take up paid employment for as many hours as a full-time employee. The choice of the median wage reflects the fact that the allowance is not linked to any individual's employment prospects, and should in some way reflect the national position. The national median wage for 2011 (the latest available data) is £21100 and so we recommend that the basic allowance for 2013/14 is set at £10550
- 3.3 Our consultation with Members resulted in several comments that the relativities in the special responsibility allowances between the Leaders of opposition groups on the one hand and Cabinet Members on the other were currently not set at levels which properly reflect the workloads and responsibilities of the two groups. The panel discussed this with officers who are familiar with the work done by the two groups and concluded that the additional allowances paid to cabinet members were too low, and that those paid to the leaders of opposition groups were too high. We also looked at evidence from other local authorities with similar populations, and concluded that the relative sizes of the additional responsibility allowances were out of line with practice elsewhere. In consequence of our recommendation to increase the allowance for Cabinet Members, we also felt it appropriate to recommend an increase in the allowance paid to the Leader. We also considered that the additional allowance for the chairs of the regulatory committees did not fully reflect the workloads and responsibilities of those roles. The detail of our recommendations is set out below.
- 3.4 We considered the position of Members who might have more than one role which qualifies for a special responsibility allowance. We maintain the previous recommendations that no Member should receive more than one special

Appendix 1 – Report by the Independent Remuneration Panel

responsibility allowance, and that this should be the higher/highest of those for which that Member is eligible. We recognise that these roles need to be filled, and so the special responsibility allowances are justified, but if any member has time to carry out more than one such role, then we would regard the additional roles as entirely voluntary.

3.5 We have not changed the recommendations relating to other allowances, and we are willing to remain in place as an IRC in relation to issues set out below.

4. Panel’s recommendations

RECOMMENDED

- (1) that Council membership (the basic allowance) should continue to be remunerated as if it were a half-time job, to be remunerated at the median level of adult earnings in the UK. This is based on the revised Annual Survey of Hours and Earnings 2011 from the Office of National Statistics and equates to £10,550 compared to the current £10,200;
- (2) that the Special Responsibility Allowance (SRA) be changed as set out below applying the recommended multiple to the proposed basic allowance;

Office (position held)	Current multiple of basic allowance	Proposed multiple of basic allowance
Leader	1.8	2
Cabinet	0.7	1
Opposition Leader	0.9	0.6
Other Group Leader (5+ members)	0.6	0.3
Other leader (2 to 4 members)	0.4	0.2
Regulatory Chair	0.35	0.5
Scrutiny Chair	0.25	0.25
Opposition spokesperson	0.1	0.1

Annex A details the implications of the responsibility allowance recommendations for 2013/14

Note: Recommendations (3) through to (13) reaffirm the current principles contained in the Members’ Allowances Scheme that are recommended to remain the same.

- (3) that a Member should be paid only one special responsibility allowance in addition to the basic allowance which, in cases of ambiguity, would be the highest level relevant to the several roles they play;
- (4) that the scheme shall make provision for an annual adjustment of allowances to be determined using the average percentage pay award figure applicable to Officers for implementation from 1 April in each year;

Appendix 1 – Report by the Independent Remuneration Panel

- (5) that notwithstanding the mechanism for annual adjustments there should be a further review in time for any recommendations to be implemented at the start of the 2017/18 financial year;**
- (6) that the Independent Remuneration Panel should be kept in place as a standing panel whose members can consider issues that arise before the next review, for example the allowance for any new body that may later be established to form part of the political management structure. These considerations may be conducted in meetings or by email;**
- (7) that if, because of temporary and unusual circumstances, a Member is asked to take on an additional role for a period the Member may refer the matter of an additional special responsibility allowance to the Panel formed from members of the Independent Remuneration Panel;**
- (8) that the costs of care should be reimbursed for all council duties (including ward work, advice centres and civic functions, but excluding Party Group meetings, canvassing and electioneering) on production of appropriate evidence of costs incurred. Reimbursement should be allowed beyond the actual duration of a meeting given that care must usually be booked in advance for a fixed period;**
- (9) that if a Member believes that this upper limit on the costs of care constrains her/his activities unreasonably, she/he can apply on an individual basis for an increase in the limit, to the Panel formed from members of the IRC. Likewise disputes over the legitimacy of claims in relation to duties performed can be referred to this Panel;**
- (10) that expenses related to travel and subsistence should be paid to Members at the same rates as to staff employed by the Council, and these should be changed automatically when rates for staff are changed. Also these expenses will be claimable when attending a training or development course/session outside the City;**
- (11) that Members continue to be given the choice between having access to a council owned standard laptop computer/or supported handheld device or instead chose a taxable grant of £500 for IT purchase, as detailed in appendix 1, section D;**
- (12) that there should be no change to the current system whereby Members are already entitled to a Council mobile phone and receive reimbursement for all Council business calls made;**
- (13) that an interest free bike loan scheme be continued for Members on the basis that any loan must be taken at least 12 months before the Member has to contest the next election (loans are normally taken out over a 1 year period);**

Appendix 1 – Report by the Independent Remuneration Panel

Appendices:

Appendix 2a – Revised Members’ Allowances Scheme (taking into account all recommendations)

ANNEX A

Implications of the responsibility allowance recommendations for 2013/14

Role	Proposed			2012/13
	Basic	SRA	Total	Total
Leader	£10,550	£21,100	£31,650	£28,560
Cabinet Member	£10,550	£10,550	£21,100	£17,340
Opposition leader	£10,550	£6,330	£16,880	£19,380
Other group leader (5 or more Members)	£10,550	£3,165	£13,715	£16,320
Other group leader (between 2-4 Members)	£10,550	£2,110	£12,660	£14,280
Chair of regulatory committee	£10,550	£5,275	£15,825	£13,770
Chair of scrutiny panel	£10,550	£2,637.5	£13,187.5	£12,750
Shadow Cabinet Spokesperson	£10,550	£1,055	£11,605	£11,220
Other Members	£10,550		£10,550	£10,200