

CITY COUNCIL - 6 FEBRUARY 2006

REPORT OF THE LEADER

MEMBERS' ALLOWANCES SCHEME - AMENDMENT

1 SUMMARY

- 1.1 Regulations require the City Council to make a new Members' Allowances Scheme before 1 April each year for payment in the following year.
- 1.2 When considering a new or amended scheme the Council has a duty to seek, and have regard to, the views of an Independent Remuneration Panel.
- 1.3 A copy of the Panel's report dated 5 December 2005 is attached as Appendix A to this report and a summary of their recommendations was published in the Nottingham Evening Post on 30 January 2006.
- 1.4 A copy of the proposed amended scheme is attached as Appendix B to this report. It provides that the revised allowances are payable with effect from 1 April 2006.

2 RECOMMENDATIONS

IT IS RECOMMENDED

- (1) that the views of the Panel regarding the special responsibility of the role of Licensing Panel Chair be supported in principle but a lesser allowance of £2,645 be allocated;
- (2) that the remaining recommendations of the Independent Remuneration Panel be adopted in full;

- (3) that the revised Members' Allowances Scheme, set out in Appendix B to this report, be adopted with effect from 1 April 2006;

3 LIST OF BACKGROUND PAPERS OTHER THAN PUBLISHED WORKS OR THOSE DISCLOSING CONFIDENTIAL OR EXEMPT INFORMATION

None

4 PUBLISHED DOCUMENTS REFERRED TO IN COMPILING THIS REPORT

Report of the Independent Remuneration Panel dated 25 July 2003

Members' Allowances Scheme 2003

Local Authorities (Members' Allowances) (Amendment)

Regulations 2003

**COUNCILLOR JON COLLINS
LEADER**

**FINAL REPORT OF THE
INDEPENDENT REMUNERATION PANEL
ON MEMBERS' ALLOWANCES
TO
NOTTINGHAM CITY COUNCIL**

5 DECEMBER 2005

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CHAIR'S INTRODUCTION

The role of the Panel, under the Local Authorities (Members Allowances) (England) Regulations 2003, is to make recommendations to the City Council as to the responsibilities or duties in respect of which allowances should be available and the amount of those allowances.

During the course of their deliberations, the Panel has heard oral evidence from members of the Labour, Liberal/Democrat and Conservative parties (detailed in Appendix 2 to this report), and considered written submissions, and comparative information from other local authorities.

This year, the focus of the Panel has been a review of the scheme adopted by the Council in September 2003, following the comprehensive report of the previous Panel in July of that year. We were also consulted on the question of payment of members' telephone rentals as there was uncertainty within the regulations as to whether or not these were a lawful expense. Initial discussion centred around the Council's response to the Panel's 2003 report and concerns that our views on some important aspects of the Scheme had not been given due consideration.

These views were mainly in respect of the indexing of allowances, management of councillors' performance and the monitoring of the scheme to ensure that members were not paid for chairing committees that never met or held little responsibility.

Notwithstanding these concerns, we have continued to recognise that the management of the Council is a demanding role which requires a high level of professionalism and commitment. That commitment, to work for the benefit of the community, carries a substantial voluntary element and we recognise that people should not be deterred from serving as councillors because they would suffer serious financial loss.

For this reason we have taken a pragmatic approach to our review in seeking to satisfy ourselves that the 2003 scheme, which was introduced at a time of substantial change in the democratic structure, is relevant and appropriate in the light of current circumstances and to address any anomalies.

We recognise that there will be an opportunity to review the indexing of allowances, which is required by the Regulations to be carried out within a period of four years from its implementation. Discussions with the Leader of the Council have re-assured us to some extent on the issue of members' performance monitoring and we have agreed with him to recommend the development of a monitoring scheme in consultation with officers

In conclusion, I commend the recommendations set out in this report of the Panel to the City Council.

I would also personally like to take this opportunity to express my thanks to the members of the Panel and the officers and councillors involved for their valuable contributions to its work.

NIGEL CULLEN

Chair

5 December 2005

THE PANEL

Nigel Cullen (Chair)	-	Business Community representative
Reverend Tony De Alwis	-	Lord Mayor's Chaplain
Ron Buchanan-		Business Community Representative
Keith Jones	-	University of Nottingham
Ronald Martin -		Member of the public
Afzal Sadiq	-	Racial Equality Council
Robert Searle-Barnes	-	Member of the public
Jennifer Spencer	-	Nottingham Trent University
Richard Whitehead	-	Member of the public

EVIDENCE CONSIDERED

BASIC AND SPECIAL RESPONSIBILITY ALLOWANCES (SRAs)

The Panel considered:

- details of current allowances updated by the City Council in September 2003 and indexed to the annual pay award for Local Government Service employees from October 2004(Appendix 1);
- regulations regarding the role of the Panel;
- the Council's response to the Panel's last report presented on 8 September 2003;
- comparisons between the present and former terms of reference of Area Committees and the role and responsibilities of Area Chairs;
- the conclusions of the District Auditor regarding an objection to the payment of SRAs to civic office holders and payments of members telephone rental charges;
- the practice of other local authorities in respect of telephone costs;
- changes to governance arrangements since the Panel's last report in September 2003;
- submissions from councillors (Appendix 2);
- the number of meetings held in 2004/05;
- details of Area Committee budgets;
- details of the estimated time commitment for councillors.

CO-OPTEE'S ALLOWANCE

- evidence of the number of co-optees' serving on Council committees.

CARERS' ALLOWANCE

- the Council's Carers' allowance scheme and comparisons with other similar sized local authorities.

TRAVEL AND SUBSISTENCE ALLOWANCES

- Details of current allowances for councillors and officers.

THE 2003 REPORT AND THE COUNCIL'S RESPONSE

At their first meeting on 18 August 2005, the Panel considered the Council's response to the recommendations made in their last report in July 2003 and the outcomes of the City Council meeting on 8 September 2003.

We have the following concerns:-

- the Panel's 2003 report had made clear its view that indexing of allowances should not be introduced until a further review of the Members Allowances Scheme had been undertaken. This conclusion was not reached idly, but took account of the frequent observations by councillors that the changes to the democratic structures of the Council were still evolving, and so too were their responsibilities. Notwithstanding this, the Council had approved indexing in October 2004; backdated to April 2004.
- the undertaking previously given that performance management for councillors would be developed and introduced appeared to have been met only partially;
- there had not been specific monitoring of the new system of allowances to ensure that, for instance, members were not paid for chairing meetings that never met or held very little responsibility.

BASIC ALLOWANCE

Arising from the District Auditor's opinion that the payment by the Council of members telephone rentals was not lawful, we were asked to recommend a proposal that the basic allowance be increased by a figure which, on an ongoing basis, would accommodate this cost (currently estimated at £97 per annum) in order to resolve the issue.

We consider that:

- if implemented, the proposal to add an amount to basic allowances to cover the cost of telephone rentals would increase the overall cost of the scheme, since not all members claimed this cost under the current arrangements. It was also noted that this proposal would increase the figure on which pension entitlement was calculated;
- most homes now had telephones and it was difficult to see justification for making provision to fund rental costs.

We have concluded that:

- 1 in view of the index linking of basic allowances (currently £10,578 per annum) a revision of this amount was not required or justified, but should be the subject of a review in 2007 in accordance with the provisions of the Local Authorities (Members' Allowances) (England) Regulations 2003;**
- 2 home telephone rentals should be subsumed into the existing basic allowance.**

SPECIAL RESPONSIBILITY ALLOWANCE AND CIVIC ALLOWANCES

The Council's scheme provides for up to 41 offices for which an SRA is available and 37 (67%) of the 55 councillors qualify for these. Not all SRAs are taken up as some councillors hold than more than one of these posts and are paid only the higher of the allowances applicable. (It is noted that the Civic Office holders receive a civic allowance in addition to any SRA they may qualify for.)

We have carefully considered the information put forward and the oral and written representations from the office holders listed in Appendix 1 to this report.

We have concluded that:-

- **there is evidence of increased responsibilities for Area Committee Chairs and that individuals have begun to take these on. However, in view of the increase in the allowance for Area Chairs adopted in January 2004, based on the assumption that the new committees' terms of reference would be fully implemented by then, and the indexing of allowances from April 2004, no further increase should be considered for the time being;**
- **consideration should be given to the role of Overview and Scrutiny Standing Panel Chair vis-a-vis that of Area Chair and the allowances equalised at £7,934;**

- there is evidence that the new role of Licensing Panel Chair carries special responsibility and, notwithstanding the fact that this would add to the already high percentage of members receiving SRAs, and subsequent increased costs, an allowance of £5,289 is recommended.
- (The possibility of a short term higher allowance, subject to review, was considered but discounted on the basis that the current peak of activity would inevitably decrease in future years as the new licensing system became embedded);
- in view of the indexing of allowances adopted by the Council in September 2003, no further adjustments to the remaining SRAs and Civic Allowances is necessary;
- a review of the indexing of allowances should be carried out in early 2007 in accordance with the Local Authorities (Members' Allowances) (England) Regulations 2003;
- the panel has recognised that there are inequalities in the duties and responsibilities of the various Chairs of Council bodies and, accordingly, recommends that the City Council should monitor the performance of all committees, panels and boards in order that this Panel can consider, in 2007, recommending the introduction of a tariff, based on criteria, for SRAs for meetings which met less frequently, carried less responsibility or had a lesser workload than another comparable body, with the objective of achieving finer differentials, reflecting actual responsibilities;
- a joint member/officer working group should be established to consider the implementation of an effective performance monitoring regime for councillors.

TRAVEL AND SUBSISTENCE ALLOWANCES

We consider that basic allowance should continue to be treated as including reimbursement of travel and subsistence costs incurred in carrying out duties within the City, including travel from the councillor's home to an in-city duty. Arrangements for duties undertaken outside the City should remain as adopted in 2003. However, there is an anomaly regarding members' mileage rates and the administrative costs of maintaining differential rates for members and officers.

We have concluded that these should be harmonised and based on the periodic National Joint Council recommendations for officer mileage rates.

CARERS' ALLOWANCE

The Panel is required to make recommendations as to whether carers' allowance should be payable, and if so, the amount. The Council's current scheme is as follows:-

- a maximum of £5.14 per hour;
- an annual limit of £513.75 in total;
- production to the Director of Finance of supporting receipts.

We recognise the importance of continuing to provide support for those with caring responsibilities.

We have concluded that the current scheme, which is linked for inflation purposes to LGS officer payment settlements, should be continued.

CO-OPTees' ALLOWANCE

The voluntary principle is recognised as an element in determining all allowances to be included in the Council's scheme and is perhaps even more significant in the case of co-optees. We understand that co-optees sit on the Children and Young People Standing Panel (4), an Area Committee (1) and the Standards Committee (2).

We have concluded that no changes are required to existing practice that allowances are not paid to co-optees and that the matter be considered again at the next review.

SUMMARY OF RECOMMENDATIONS (With effect from 1 April 2006)

- Basic allowance** - to remain the same. ie £10,000 per annum indexed to LGS Officers pay settlements and subject to a further review in 2007 in accordance with the provisions of the Local Authorities (Members' Allowances) (England) Regulations 2003.
- Special Responsibility** No change to existing allowance amounts except that consideration be given to:-
- (a) The equalisation of the SRAs for Overview and Scrutiny Panel Chairs and Area Committee Chairs;
 - (b) The allocation of an SRA to the role of Licensing Panel Chair;
 - (c) The introduction of a tariff basis, to reflect actual duties and responsibilities, for meetings which met less frequently, carried less responsibility or had a lesser workload than another comparable body.
- Travel and subsistence** - Members' mileage rates to be harmonised with officers' rates as determined by the National Joint Council.
- Carers' allowance** retain current scheme.
- Co-optees' allowance** - No change to current practice - consider again at next review.
- Indexing** - consider early in 2007 in accordance with the Local Authorities (Members Allowances) (England) Regulations 2003.
- Performance monitoring** Appoint a joint officer/member working group to develop and introduce effective mechanisms for the management of councillors' performance.

APPENDIX 1

EXISTING MEMBERS ALLOWANCES SCHEME 2005/06

(Scheme adopted by Council 8 September 2003)

	8 Sept 2003 £	Current value after indexing
<u>BASIC ALLOWANCE - to all councillors</u>	10,000	10,578
NB only one SRA payable to any member (being the highest) except Civic Office holder who may, in addition, be paid the civic allowance		
<u>LEADER</u>	30,000	31,734
<u>DEPUTY LEADER</u>	20,000	21,156
<u>EXECUTIVE PORTFOLIO HOLDERS</u>	15,500	16,396
<u>NON-PORTFOLIO HOLDING EXECUTIVE MEMBER</u>	5,000	5,289
<u>CIVIC ALLOWANCES</u>		
<u>LORD MAYOR</u>	21,500	22,743
<u>DEPUTY LORD MAYOR</u>	3,000	3,173
<u>SHERIFF</u>	11,000	11,635
<u>CHAIR OF OVERVIEW AND SCRUTINY COMMITTEE</u>	12,500	13,222
<u>REVIEW PANEL CHAIRS</u>		
• CHILDREN & YOUNG PEOPLE	5,000	5,289
• PERFORMANCE, PRIORITIES, PERSONNEL & FINANCE	5,000	5,289
• REGENERATION & RENEWAL	5,000	5,289
<u>HEALTH SCRUTINY PANEL CHAIR/VICE CHAIR ADVICE AND SCRUTINY COMMITTEE</u>	5,000	5,289
<u>AREA COMMITTEE CHAIRS</u>	7,500	7,934
<u>CHAIRS OF REGULATORY COMMITTEES</u>		
• Development Control	5,000	5,289
• Licensing	5,000	5,289

• Appeals Panel	5,000	5,289
• Regulatory Committee	5,000	5,289
<u>APPOINTMENTS & CONDITIONS OF SERVICE COMMITTEE</u>	2,500	2,645
<u>CHAIR OF STANDARDS CTTEE</u>	2,500	2,645
<u>LEADER OF LARGEST MINORITY GROUP</u>	5,000	5,289
<u>LEADER OF SMALLER AND SMALLEST MINORITY GROUPS</u>	5,000	5,289
<u>DEPUTY LEADER OR, IF NOMINATED BY RELEVANT LEADER, ANOTHER SENIOR SPOKESPERSON FOR EACH MINORITY GROUP WITH AT LEAST 6 MEMBERS</u>	2,500	2,645
<u>CHIEF WHIP, CONTROLLING GROUP</u>	5,000	5,289

APPENDIX 2

SUBMISSIONS

The following councillors appeared before the Panel to present their views and answer questions:-

Councillor Collins

Councillor Cowan

Councillor Cresswell

Councillor Long

Councillor Parbutt

Councillor Wood

(Councillor Cowan also made a written submission)

(Councillor Parbutt was accompanied by Christine Cutland, Area Focus Manager)

(Councillor Cresswell was accompanied by Karen Mutton, Licensing Solicitor)

**NOTTINGHAM CITY COUNCIL
MEMBERS' ALLOWANCES SCHEME**

Nottingham City Council, in exercise of the powers conferred by the Local Authorities (Members' Allowances) (England) Regulations 2003 (the 2003 regulations) and all other powers vested in it, hereby makes the following scheme:

Citation

1. This scheme, made by the City Council on 6 February 2006, may be cited as Nottingham City Council Members' Allowances Scheme.

Interpretation

2. In this scheme:-

“councillor” means a member of Nottingham City Council;

“year” means the 12 months ending with 31 March.

Basic Allowance

3. Subject to paragraph 6, a basic allowance of £10,000 (indexed with effect from 4 October 2004 in line with increases in pay of employees covered by the National Joint Council for Local Government Services) shall be paid to each councillor for each year.

Special Responsibility Allowances

4. (1) For each year, a special responsibility allowance (indexed with effect from 4 October 2004 in line with increases in pay of employees covered by the National Joint Council for Local Government Services) shall be paid to those councillors who have the special responsibilities in relation to the authority that are specified in Schedule 1 to this scheme.
(2) Subject to paragraph 6, the amount of each such allowance shall be the amount specified against that special responsibility in that schedule.
(3) In any year a councillor shall be paid only one special responsibility allowance (being the highest amount payable in respect of special responsibilities held). A civic office holder may, in addition, be paid the civic allowance specified in the schedule.

Waiver

5. A person may, by notice in writing given to the Director of Finance, elect to forego any part of his or her entitlement to an allowance under this scheme.

Part-year Entitlements

6. (1) The provisions of this paragraph shall have effect to regulate the entitlements of a councillor to basic and special responsibility allowance where, in the course of a year that councillor becomes, or ceases to be, a councillor, or accepts or relinquishes a special responsibility in respect of which a special responsibility allowance is payable.
- (2) Where the term of office of a councillor begins or ends otherwise than at the beginning or end of a year, the entitlement of that councillor to basic allowance shall be to the payment of such part of the basic allowance as bears to the whole the same proportion as the number of days during which his or her term of office subsists bears to the number of days in that year.
- (3) Where a councillor has during part of, but not throughout, a year such special responsibilities as entitle him or her to a special responsibility allowance, that councillor's entitlement shall be to payment of such part of that allowance as bears to the whole the same proportion as the number of days during which he or she has such special responsibilities bears to the number of days in that year.
- (4) (1) Basic and special responsibility allowances shall be payable in instalments of 1/12th of the amount specified in this scheme and shall be paid or made available by the last working day of each month;
- (2) Where a payment of 1/12th of the amount specified in this scheme in respect of a basic allowance or a special responsibility allowance would result in the councillor receiving more or less than the amount to which he or she is entitled, the payment shall be such amount as will ensure that no more or no less is paid than the amount to which he or she is entitled.

Carers' Allowance

7. (1) A carer's allowance shall be paid to a councillor who, as a result of attending a qualifying meeting, incurs costs in providing for the care of a dependant relative. Carers' allowances shall be paid at an hourly rate equal to the actual cost incurred, subject to:-
- (a) a maximum of £5.14 per hour;
 - (b) an annual limit of £513.75 in total;
 - (c) production of supporting invoices/receipts to the Chief Finance Officer.
- (2) "Qualifying meeting" means:-
- (a) a meeting of the Council or of any Board, committee or sub-committee of the Council, or of any other body to which the Council makes appointments or nominations, or of any committee or sub-committee of such a body.
 - (b) any other meeting, the holding of which is authorised by the Council, or a Board or committee or sub-committee of the Council, or a joint committee of the Council and one or more local authorities within the meaning of section 270(1) of the Local Government Act 1972, or a sub-committee of such a joint committee, provided in each case that it is a meeting to which members of at least two political groups have been invited;
 - (c) a meeting of any association of authorities of which the Council is a member;
 - (d) the performance of any duty in connection with the discharge of any function of the Council conferred by or under any enactment and empowering or requiring the Council to inspect or authorise the inspection of premises; and
 - (e) the performance of any duty in connection with arrangements made by the Council for the attendance of pupils at schools approved for the purposes of section 342 (approval of non-maintained special schools) of the Education Act 1996.
 - (f) The carrying out of any other duty approved by the Council, or any duty of a class so approved, for the purpose of, or in connection with, the discharge of the functions of the Council or any of its committees or sub-committees.

(3) "Dependant relative" means a person who lives with the councillor or who is entirely dependant on the councillor for primary care, including:-

- (a) a child aged 14 or under;
- (b) an elderly relative requiring full-time care;
- (c) a relative with a disabled or nursing requirement who needs temporary or permanent full-time care.

Travel and subsistence allowances

8. Travel and subsistence allowances shall be paid to councillors and to members of Council committees and sub-committees in connection with or relating to the duties specified in paragraph 7(2) above PROVIDED that, except for travel by bicycle, these allowances shall be paid to councillors only where the duties are undertaken outside the area of the City. The allowances shall be paid in accordance with Schedule 2.

Pensions

9. All councillors shall be entitled to a pension in accordance with a scheme made under section 7 of the Superannuation Act 1972 and basic allowance and special responsibility allowances shall be treated as amounts in respect of which such pensions are payable.

Avoidance of duplication

10. Where a councillor is also a member of another authority (within the meaning of regulation 3 of the 2003 regulations) that member may not receive allowances from more than one authority in respect of the same duties.

Time limit for making claims

11. Claims for travel and subsistence and carers' allowances, on a form provided by the Director of Finance and signed by the claimant, shall be submitted to the Director within two months from the date on which entitlement to the allowance arose.

Withholding/recovery of payments

12. (1) Where a councillor is suspended or partially suspended from duties as a member of the Council under Part III of the Local Government Act 2000 (Conduct of Local Government Members) or regulations made under that

Part, the Council may, for the period of suspension or partial suspension, withhold payment of basic allowance and, in respect of the duties to which the suspension or partial suspension relates, withhold payment of special responsibility and travel and subsistence allowances.

(2) Where payment of any allowance has already been made in respect of any period during which the councillor concerned

- was suspended or partially suspended as above
- ceased to be a member of the Council or
- was in any other way not entitled to receive the allowance in respect of that period

the Council may require that such part of the allowance as relates to any such period shall be repaid to the Council.

Operative date

Any allowance payable in accordance with this scheme shall be payable as if the scheme had been in force from 1 April 2006.

SCHEDULE 1

	Current value £
Leader	31,734
Deputy Leader	21,156
Executive Portfolio Holders	16,396
Non-portfolio holding Executive member	5,289
Chair of Overview & Scrutiny Committee	13,222
Overview & Scrutiny Standing Panel Chairs	7,934
Health Forum Chair/Vice-Chair of Overview and Scrutiny	7,934
Area Committee Chairs	7,934
Chairs of Regulatory Committees	5,289
Chairs of Licensing Panels	2,645
Chair of Appointments & Conditions of Service Committee	2,645
Chair of Standards Committee	2,645
Leader of largest minority group	5,289
Leader of smaller and smallest minority group	5,289
Deputy Leader (Or other senior spokesperson if nominated by relevant Leader) of each minority group with at least 6 members	2,645
Chief whip, controlling group	5,289

Civic Allowances

Lord Mayor	22,743
Deputy Lord Mayor	3,173
Sheriff	11,635

SCHEDULE 2

TRAVEL ALLOWANCE (payable for out of city journeys only)

Members may claim either bus fares or mileage (using a motor cycle, car or bicycle) Mileage will be taken to be the distance for the journey concerned as determined by the Director of Finance using an appropriate computerised system and is based on the periodic National Joint Council recommendations for officer mileage rates.

Motorcycle rates

Up to 500cc	@	21.0 pence per mile
Exceeding 500cc	@	25.6 pence per mile

Motor vehicle rates

Up to and including 999cc	@	38.7 pence per mile
1000cc and above	@	42.0 pence per mile

Bicycle rate

15p per mile

SUBSISTENCE ALLOWANCE

- Absence from the usual place of residence must exceed 4 hours
- Half an hour is allowed for travelling from home and to home
- Expenditure on subsistence must have been incurred
- Receipts must be produced
- The allowance paid will be actual expenditure but subject to the maximum amounts specified below.

Subsistence rates

- Breakfast £4.92 (before 11 am)
- Lunch £6.77 (12 noon to 2 pm)
- Tea £2.67 (3 pm to 6 pm)
- Evening meal £8.38 (after 7 pm)

Overnight subsistence

Where attendance at a conference or similar event necessitates an overnight stay, accommodation at the conference hotel, or a hotel of an equivalent standard, will be

arranged and paid for by the Council. For meals taken in connection with the event, the reasonable actual cost will be reimbursed, subject to production to the Director of Finance of a receipt.

Meals taken on trains

The reasonable cost of the meal may be reimbursed where it is incurred during a period for which there is an entitlement to a day subsistence allowance and a receipt is obtained.