

report

Meeting	NOTTINGHAMSHIRE AND CITY OF NOTTINGHAM FIRE & RESCUE AUTHORITY	
date	24 March 2006	agenda item number

REPORT OF THE CHIEF FIRE OFFICER

REPORT OF THE INDEPENDENT REMUNERATION PANEL

1. PURPOSE OF REPORT

The purpose of this report is to present to the Fire Authority the report of the Independent Remuneration Panel which was convened to consider the levels of Members Allowances and Special Responsibility Allowances to be paid to Members for their service on the Fire and Rescue Authority.

2. BACKGROUND

- 2.1 When the Fire Authority was first created in 1998 it had no powers to pay allowances to Members to reflect the work that they carried out for the Authority. This resulted in a process where the constituent authorities continued to pay Members' allowances for being Members of the Fire Authority and these allowances varied widely.
- 2.2 More recently the Fire Authority has been given powers to pay its own Members' allowances and is required to have a published scheme for doing so. This scheme was approved by the Fire Authority, but did not vary significantly from the original scheme and many of the anomalies within that scheme were simply crystallised into the new scheme.
- 2.3 Changes proposed for the governance model of the Authority create an opportunity for the allowances paid to Members to be reviewed in the light of increasing workloads and the depth to which Members are now expected to engage with current policy thinking and issues within the Service.
- 2.4 In order to set Members' allowances the Authority is required to "have due regard" to the reports of the remuneration panels of both the City and County Councils, but is not specifically required to have its own remuneration panel.
- 2.5 At its meeting on 16 December 2005 however, the Authority decided that "in the spirit of both openness and accountability" it would set up an independent remuneration panel to review allowances.

3. RESULTS OF THE INDEPENDENT REMUNERATION PANEL REPORT

- 3.1 In coming to their conclusions the Panel carried out a number of interviews with key Members and Principal Officers and considered comparators with other Local

Authorities, the Private Sector and other public bodies. The final figures for allowances have been based on an assessment of the actual hours that Members are required to work for the Fire Authority on the basis of the new governance structures.

- 3.2 The report of the Panel is attached in full as Appendix A ands makes a number of recommendations, which in summary are :

Basic Allowance* £ 3,270 p.a

Additional Special Responsibility Allowances

Opposition Spokesperson	£ 2,180 p.a
Major Committee Chair	£ 2,180 p.a
Vice Chair	£13,650 p.a
Chair	£19,500 p.a

* The basic allowance is payable to all Members. Special responsibility allowances are paid in addition to recognise the particular responsibilities relating to specific roles.

- 3.3 In respect of Dependent Carers Allowances the Panel were minded to follow the policy of the County Council where childcare is reimbursed at £5 per hour and other dependants at £10 per hour, which is also broadly in line with the City Council's policy, except that the City do not have a higher rate for adult care. The panel also recommends some rules around this allowance which again broadly concur with those in force at both City and County Councils.
- 3.4 The Panel propose annual uplifts to be in line with the recommendations of the National Joint Council for Local Government Services for Local Government Staff Pay.
- 3.5 The panel further propose that a separate budget is identified to enable Member training and development to take place and that the Authority considers holding at least one half day event per annum to keep Members up to date with current developments in the Service.
- 3.6 They also recommend that Members are provided with appropriate access to IT and administrative support.
- 3.7 In coming to their conclusions the Panel took a number of factors into account, which are detailed in the full report. One of these however, was the anomalous situation with regard to Fire and Rescue Authority Members who are presently unable to access the Local Government Pension Scheme (LGPS). In recognition of this disadvantage an adjustment was made to the level of allowances to compensate for this. The Panel recommend that if this situation is rectified by the ODPM or the Treasury, that allowances are reduced by 9% to take into account a notional employers contribution.
- 3.8 The Fire Authority is not bound by the recommendations of the Panel as these are advisory rather than mandatory.

4. RISK MANAGEMENT IMPLICATIONS

There are no specific risk management implications arising from this report, however it is essential that the Members of the Authority are properly remunerated for the work that they

carry out on behalf of the Authority and that they have, or develop, the necessary capacity to address the major issues and corporate risks facing the Service.

5. FINANCIAL IMPLICATIONS

The total cost for Members' allowances for 2006/7 will be £102,910 if the proposed allowances are approved. The budget is currently £27,670 and the balance of £75,240 can be funded from the budget set aside for the costs of the new governance structure. There is no specific budget for Members' training and efforts will need to be made to contain this within the overall training budget during 2006/7. From 2007/8 onwards it will be necessary to make specific provision.

6. PERSONNEL IMPLICATIONS

There are no specific implications for personnel arising from this report.

7. EQUALITY IMPACT ASSESSMENT

There are no specific implications for equality arising from this report.

8. RECOMMENDATIONS

That Members approve :

8.1 The scheme of Members' Allowances and Special Responsibility Allowances set out in this report.

8.2 The Dependent Carers Allowances set out in this report.

9. BACKGROUND PAPERS FOR INSPECTION

None.

Paul Woods
CHIEF FIRE OFFICER

APPENDIX A

Nottinghamshire and City of Nottingham Fire & Rescue Authority

Independent Remuneration Panel

I. Introduction

We were appointed by the Nottinghamshire and City of Nottinghamshire Fire and Rescue Authority to make recommendations with regard to establishment of a “Members’ Allowance Scheme”. The precise remit set for the Independent Remuneration Panel and the panel’s composition is detailed within this report.

Executive Summary

Following due deliberation we propose the following recommendations for the Nottinghamshire and City of Nottinghamshire Fire and Rescue Authority (NFRA) to consider:

- Members Allowance Scheme

Role	Recommended Allowance (per annum)
Chair	£19,500
Vice Chair	£13,650
Major Committee Chair	£2,180
Opposition Spokesperson/Minority Groups Spokesperson (given a group of 4 or more).	£2,180
Member Allowance	£3,270

- Child and other dependant care allowance based on the rates and policy set by Nottinghamshire County Council.
- Annual indexing of Member Allowance linked to increases set by the National Joint Council for Local Government Services.
- The NFRA develop an induction and training programme for members and that they set aside a specific budget allocation each financial year to cover on-going member training and development.

Our recommendations are based on NFRS adopting the new governance arrangements. If it became clear that a major change in either the role, governance or territory of the NFRS was proposed we would recommend that the Independent Remuneration Panel be invited to revisit their analysis.

II. Remit

The purpose of the Independent Remuneration Panel is to propose a “Members’ Allowance Scheme” for consideration by the Nottinghamshire and City of Nottingham Fire & Rescue Authority.

The Members Allowance Scheme will include recommendations on the following:

1. The level of basis allowance for all members;
2. The identification of special responsibilities for which a specific allowance should be paid;
3. The appropriateness and rate of childcare/dependency allowance;
4. Any proposed annual uplift arrangements.

In addition the panel were asked to considered and make recommendations regarding the kinds of training and development support thought appropriate to help build the capacity of members to fulfil their duties within the proposed new governance arrangements and role map.

III. Composition of the Independent Remuneration Panel

The panel comprises Emanuel Gatt (chair), Dr Richard Henshell OBE and Mick Rice. Profiles of the panel members can be found in the appendices.

In undertaking our task the panel met on four occasions and received written and verbal representations from various members of the Fire Authority including the Chair, Vice Chair, Opposition Spokesperson and the Chief Fire Officer.

IV. Context

In undertaking this task the Independent Remuneration panel has fully considered the following:

- The proposed governance model for the Authority including the terms of reference of the sub-committees
- The draft role map for Fire Authority Members prepared by the LGA
- Representations made by individual Members should they wish to do so.
- The reports of the independent remuneration panels of the City and County Councils.
- The general levels of remuneration paid to Members of combined Fire Authorities with similar governance models.

In reaching our recommendations we were aware of the increased demands made on members particularly with regard to strategic leadership and active governance sought through the new governance structure. We sought to set member rates that were fair, comparable (with Local Authority member rates) and sufficient to attract talent of the best possible Councillors.

Whilst Local Authority member allowances are pensionable, we noted that member allowances for Fire Authorities are not at present. We understand submissions have been made to the ODPM to address this discrepancy. We support this endeavour, as it appears inequitable to have different positions on pensionable entitlements for what amount to similar roles. To compensate for this discrepancy we have factored in an allowance of 9% to cover employer contributions to a pension scheme. We suggest that the NFRA actively encourage members to make an Additional Voluntary Contribution (AVC) of 15% (9% provided within the proposed member allowance and 6% self contribution) to their Local Government Pension Scheme.

In the event that this pension anomaly is rectified by the ODPM we would expect the allowances proposed be reduced by 9%.

We have excluded "Travel and Subsistence" allowances from our review, for they were determined to be outside of our remit. However we do agree that member expenses should be claimed on the same basis as that of office based staff from the Fire Authority to ensure fairness.

We also recommend that the NFRA satisfies itself that members have sufficient administrative and IT support to undertake their duties.

The level of basis allowance for all members

When establishing the basis allowance for members the panel considered: -

- The basic allowance for members from the constituent local authorities
- Comparisons with other Fire Authorities
- Private sector appointments on public bodies.
- Comparisons with Fire Service non-uniformed Assistant Chief Officer remuneration.
- The new governance structure and role map.
- An analysis of workload and time commitments

During this through process we discounted comparisons with the private sector and the salaries of senior managers within the Fire Service and concluded that the most appropriate comparison was with comparable Local Authority member rates. This measure was both equitable and ensured that rates would remain in proportion to responsibility and time commitment. In undertaking our task we also sought to secure comparability with other Authorities with similar budgets.

In doing so we recognised that the current basis Fire Authority members' rate of £500 per annum significantly undervalued the contribution made. When factoring the new role map (job description), governance structure and the increased involvement of Fire Authority members with community partnership initiatives that will help shape the future service it became very apparent that the member rate should be increased significantly from the current baseline.

We concluded that the basic allowance of £3,270 per annum should be recommended.

In calculating this rate we took into consideration preparation time (reading papers, informal meetings and travel time) and established a reasonable allocation of hours that a competent person would take to effectively discharge their duties (12 days per annum). The new governance structure includes a number of minor or ad hoc committees. To ensure effective governance arrangement and a balance of workload and responsibilities between members it is proposed that members will be invited to chair or act as vice chair on committees. We concluded that it would be inappropriate to have a Special Responsibilities Allowance (SRA) for these duties and have factored in these tasks when determining the new member allowance.

The Identification of special responsibilities for which a specific allowance should be paid

In consideration of Special Responsibility Allowances (SRA) we were guided by the practices adopted by the key principal Local Authorities. We concluded that the following posts warranted SRA:

- Chair
- Vice Chair
- Oppositions Spokesperson
- Major Committee Chairs
- Minority Groups Spokesperson (given a group of 4 or more).

For absolute clarity, the major committees to which we refer are:

- Human Resources Committee
- Finance & Resources Committee
- Community Safety Committee
- Performance Monitoring Committee

We concluded that all other committees not chaired by either the Chair or Vice Chair should not be eligible for a separate SRA. To cover these duties we propose raising the basic members' allowance.

We noted that the SRA would be in addition to the basic member allowance mentioned above.

We also noted an inconsistency of approach between the two principal Local Authorities regarding the number of SRAs a member can have. The County Council's position is that a member can claim for only one SRA, whereas the City Council allow a member to claim either one SRA or the higher SRA plus 50% of the next lower one and no further. We concluded that for the Chair to discharge his or her leadership role effectively it would not be appropriate for the chair to hold another portfolio SRA simultaneously from their nominating Authority.

In determining the SRA rate we have considered estimated time commitments brought about through the new governance arrangements. Although we did factor time within our deliberations we assigned greater value to the level of responsibility and accountability.

V. Chair

We noted that the Chair currently receives an SRA of £18,300. This is broadly comparable with a portfolio holder or Executive member of a Local Authority. We did recognise that the leader of an Authority had additional duties beyond that of a portfolio holder and that these should be scaled according to budget size. . We estimated that it would take on average 68 days per annum for a competent individual to undertake the duties of the Chair.

We concluded that the Chair SRA of £19,500 per annum should be recommended.

VI. Vice Chair

Using the Chair position as a benchmark we noted that the role of the Vice Chair was crucial. It is a demanding position, with the Vice Chair being required to be fully conversant with all aspects of the chair's role and able to step in at a moment's notice. The current SRA rate for the Vice Chair is £5,500. This equates to less than a third of the current Chair's SRA. This in our view undervalues the post. We estimated that the Vice Chair's role equated to 70% of the Chair's role, both in time commitment and responsibility.

We concluded that the Vice Chair SRA of £13,500 per annum should be recommended.

VII. Opposition Spokesperson/ Minority Groups Spokesperson (given a group of 4 or more).

We note that the current SRA for the Opposition Spokesperson is £550 per annum. We recognised that the role of the opposition spokesperson was an important one in securing effective governance of the Fire Authority. To discharge this role effectively the opposition spokesperson must maintain a sound grasp of all aspects of the Fire Authority including those outside of their committee membership. We estimated that it would take on average 8 days per year to undertake these additional tasks.

VIII. We concluded that the Chair SRA of £2,180 per annum should be recommended. We also recommend that a similar SRA be offered to the Minority Groups Spokesperson with a group membership of 4 or more.

IX. Major Committee Chairs

The new governance structure agreed for the NFRA will increase the role and importance of the Major Committees, who will now be required to provide a strategic and policy framework for key aspects of the Authorities business. This new responsibility has yet to have a SRA. We noted that the principal authorities both provided as SRA for the Chairs of these important committees. We felt that the Chair's role did warrant an SRA decided that this should not extend to the Vice Chair role for these committees. We estimated that it would take approximately 8 days per annum to undertake these additional duties.

We concluded that the Major Committee Chair SRA of £2,180 per annum should be recommended.

The appropriateness and rate of childcare/dependency allowance

We noted that both principal authorities had arrangements to support members with childcare or dependant carers responsibilities. We thought that this good practice be extended to the Fire Authority.

In determining a fair and equitable rate we were guided by the policy established by the County Council, namely a dependants' carers' allowance of £5 per hour for childcare and £10 per hour for other dependants. In exceptional circumstances, additional costs could be met following approval of the Standards Committee. This payment should also be claimed only when members are absent from approved duties and need to pay for care. Only one payment should be claimable in respect of the household of each member, except in special circumstances to be approved by the Standards Committee. Payment should be made only when supported by a receipt and payments should not be made payable to a member of the claimant's own household.

Proposed annual uplift arrangements.

We propose that all member allowances, including the childcare and dependency hourly rate be up rated in accordance with annual Local Government pay awards.

Training and Development

As part of our remit we were asked to consider the training and development requirements for members. In establishing the new member allowances we took into consideration time to cover the on-going training and development of members.

We recommend that the NFRA should make a specific annual budget allocation to resource the training and development needs of members. We would also suggest that the NFRA consider establishing an induction programme for new members, review the training and development needs of each member at least annually and using this information create a matrix of training needs. This approach will ensure that the budget allocation is used to maximum effect.

Finally we suggest that the NFRA consider organising least one (half-day) training session per annum, to which all members are invited. This will ensure that all members are brought up to speed with the new strategic imperatives as and when they emerge.

Chair, Independent Remuneration Committee
Nottinghamshire and the City of Nottingham Fire & Rescue Authority
23rd February

Annex A

X. Profile of members of the Independent Remuneration committee

The panel members are :

Manny Gatt (Chair)
Dr Richard Henshell OBE
Mick Rice

Manny Gatt took up the post of Managing Director of Business Link Nottinghamshire in October 2000.

Previously Managing Director of Business Link Greater Nottingham, he has also been Managing Director of the Derby and Derbyshire Chamber of Commerce and Industry and Business Venture, and was involved in the setting up of Business Link South Derbyshire. During the early part of his career, he worked for IBM, RTZ and later Coats Viyella, where he was a Director of the Menswear Division.

He has a degree in Business Studies, an MBA and a Certificate in Business Counselling. He is a Board Member for Business Link Corporate University and a Fellow for the Institute of Business Advisers.

Dr Richard D Henshell was founder, in 1976, and for the following 22 year was executive chairman of PAFEC Ltd, a company dedicated to computer aided applications in engineering including EDM, CAD, Computer Aided Engineering and Finite Element Analysis. PAFEC also had offerings in the field of Geographic Information Systems especially for the emergency services. At present he runs Strelley Systems Ltd which provides space in three locations in Nottinghamshire for about 60 small enterprises being a non-executive director of 4 of these.

Richard was educated at Nottingham University where he later became a research fellow and is now Special Professor. He has been awarded an OBE and was elected Fellow of the Royal Academy of Engineering.

Mick Rice was a Councillor on Birmingham City Council from 1984, finally losing his seat in 2004.

He was the Cabinet Member for Local Services and Community Safety in Birmingham and also a member of the Birmingham CDRP. He was also the full time Secretary of Birmingham TUC from 1983 to 2004 and was a lecturer in Industrial Relations at the University of Aston as well as in the late 1970s and early 1980s was a trade union studies tutor.