

Independent Remuneration Panel

**NINTH REPORT TO
NOTTINGHAM CITY COUNCIL
JANUARY 2017**

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CHAIR'S FOREWORD

I am pleased to present to the City Council the ninth report of the Independent Remuneration Panel. The Panel trust that their recommendations will be well-received, as they are the outcome of four sessions giving detailed consideration to:

- the dedicated work of all councillors
- several years' experience of the Strong Leader model the Council has implemented and the resultant enhanced role of executive councillors and assistants
- the many different and varied levels of responsibility taken
- comparisons with other similar roles in core cities and similar sized councils.

The Panel was refreshed with new membership from local government, the universities, the 3rd sector and business, (apart from my own role as Chair providing continuity) and I would like to pay tribute to how quickly the new members assimilated the Panel's tasks and actively contributed in a business-like way, providing constructive challenge and judgement throughout the process. I would also like to thank Nancy Barnard, Laura Wilson and James Welbourn from the City Council's Constitutional Services team for their efficient support to us in servicing our meetings and producing this report. Special thanks also go to Glen O'Connell for his support and provision of knowledge and advice throughout the review. We wish him well with his imminent retirement.

NIGEL CULLEN
Chair
January 2017

SUMMARY OF RECOMMENDATIONS

RECOMMENDATION ONE

That the City Council's Members' Allowances Scheme continues to be indexed by reference to increases in Local Government Employees' Pay, for a four-year period from 1 April 2017.

RECOMMENDATION TWO

Where, through sickness, a Councillor has not attended any formal meetings of the Council and/or any Boards, Committees of Panel of the Council of which he/she is a member for a period of six months (but remains a Councillor by virtue of a decision of the Chief Executive under section 85 of the Local Government Act 1972), from that date, any allowances to which he/she was formerly entitled to shall be payable at rate of 50% of the former allowance and only for a further period of six months.

RECOMMENDATION THREE

Where the Councillor is absent for reasons relating to pregnancy or maternity, no reduction should be made to allowances.

RECOMMENDATION FOUR

That the Basic Allowance is reduced to £12,000.00 per year.

RECOMMENDATION FIVE

That no changes are made to the Travel, Subsistence or Carer's Allowances.

RECOMMENDATION SIX

That, based on the considerations above and predicated by the structural changes and resultant deletion of current positions in relation to Scrutiny and Licensing, the SRAs outlined in appendix one are adopted by the Council.

RECOMMENDATION SEVEN

That should the political balance on the Council change the IRP is recalled to review the inclusion in the scheme and level of allowance attached to the following positions:

- Majority Group Chief Whip,
- Leader of the Minority Group,
- Leader of the Smaller and Smallest Minority Groups,
- Deputy Leader of each Minority Group (6+ Members).

RECOMMENDATION EIGHT

That until any significant change to political balance occurs, the SRAs for the following positions remain in the scheme but are reduced to a nil value:

- Leader of the Smaller and Smallest Minority Groups,

- Deputy Leader of each Minority Group (6+ Members).

RECOMMENDATION NINE

That in the event of the Audit Committee taking on a more challenging role, commensurate with best practice of private companies, the SRA attached to the position of Chair be reviewed afresh.

RECOMMENDATION TEN

That two SRAs attached to the positions of Adoption Panel Member are added to the scheme.

RECOMMENDATION ELEVEN

That the position of Deputy Lord Mayor is deleted from the scheme.

1. REMIT AND PANEL

- 1.1 The Independent Remuneration Panel (IRP) is appointed under the Local Authorities (Members Allowances) (England) Regulations 2003 (the Regulations), to consider the Council's Members' Allowances Scheme and to make recommendations to the Council on any changes to the scheme it believes are appropriate. The Council cannot make any amendments to the Scheme without having considered any recommendations made by the Panel.
- 1.2 On this occasion, the Panel's remit was to consider the Allowances Scheme in its entirety, including Basic, and Special Responsibility Allowances, Travel, Subsistence and Carers Allowances. We also considered how allowances should be paid in cases of prolonged absence of a Councillor due to sickness, the indexation of allowances and civic allowances.
- 1.3 We were clear that our remit excluded any matters related to Council governance structures and the operation of these. As a Remuneration Panel our remit was restricted to the identification of positions, responsibilities and expenses eligible for remuneration and the appropriate levels of remuneration attached to those. Throughout our work we sought to apply principles of fairness and transparency to our deliberations and recommendations. We considered presentations from the Conservative and Labour Group Leaders and input from the Chief Executive together with comparative information from other Core Cities and also from similar sized authorities. We also took into account trend analysis information outlining how various roles, responsibilities and workloads had changed since the last major review of allowances in December 2005.
- 1.4 We were informed that there was a desire to achieve savings on the Members' Allowances budget in order to reflect the financial situation the Council is facing and the significant reductions to its budget over recent years. We felt that, with the need for reductions across the council it was only fair that Councillors should also be faced with reductions and supported this desire throughout our deliberations.
- 1.5 In line with recommended practice, prior to this Panel convening, its membership was refreshed in order to ensure it reflected the City's diverse communities and sectors and to maintain the independence of the Panel Members. The previous Chair of the Panel, Nigel Cullen, continued in his role in order to ensure continuity and depth of knowledge. The Panel's membership was as follows:

| | |
|-----------------------------|-----------------------------------|
| Nigel Cullen (Chair) | Business Community representative |
| Melanie Futer | University of Nottingham |
| Michael Henry | Communities Inc. |

Nick Hodgson East Midlands Councils
Gary Smerdon-White Small Charity

The Panel thanks the previous members for the past work undertaken.

- 1.6 We met on four occasions during November and December to receive written and oral evidence to assist our deliberations. Where this report remains silent on any matter within the Allowances Scheme this should be read as an indication that the Panel were satisfied with the current arrangements and did not recommend any change.

2. INDEXATION OF ALLOWANCES

- 2.1 When the Panel last met it recommended to Council that Allowances should be indexed by reference to increases in Local Government Employees' Pay for a four-year period from 1 April 2013. By law, indexation cannot apply for more than four years and therefore the current indexation expires on 31 March 2017. No further increases can be made to allowances unless a new period of indexation is agreed.
- 2.2 We considered information relating to current practice at other English Core Cities in relation to indexation which highlighted that four out of the seven use Local Government Employees' Pay increases for indexation. Two of the three remaining Core Cities do not refer to indexation in their Allowances Scheme. Increases in employee pay have been minimal in recent years, limited to a maximum of 1% per year.
- 2.3 The Panel considered using the Retail Price Index and Consumer Price Index as inflators but discounted both as we felt that linking allowances to increases for employees better achieved our aim that the allowances scheme is as fair as possible across the Council
- 2.4 **RECOMMENDATION ONE**
That the City Council's Members' Allowances Scheme continues to be indexed by reference to increases in Local Government Employees' Pay, for a four-year period from 1 April 2017.

3. ALLOWANCES IN CASES OF ONGOING SICKNESS ABSENCE

- 3.1 As part of this review we were asked to consider whether Councillors allowances should be structured so as to reduce in value and/or cease where Councillors are

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absent from meetings due to extended periods of ill-health. We were advised that there is currently a disparity between the way Councillors and staff are treated if they are not able to work or attend meetings due to sickness. Whereas staff are subject to up to six months full pay and six months half pay (depending on length of service), the current Members' Allowances Scheme does not include provision for the reduction or withdrawal of allowances in cases of ongoing Councillor absence due to ill health.

- 3.2 Section 85 of the Local Government Act 1972 requires that a Councillor is removed from office if they are absent from meetings for a period of six consecutive months regardless of the reasons for that absence. It allows for Councillors to remain in office if the reasons for their absence have been approved by the authority prior to the period of absence reaching six months. For Nottingham, the power to approve such absence is delegated to the Chief Executive.
- 3.3 In cases of certificated sickness absence lasting more than six months the Chief Executive may decide it is appropriate to approve the absence, for example if the Councillor will be able to resume their duties within a short period of time. In such cases under the current scheme full allowances will continue to be paid. The Panel agreed that this inequity with arrangements for employees did not uphold principles of fairness.
- 3.4 In coming to our conclusions we considered not only the arrangements for employees in cases of extended periods of sickness absence but also arrangements for Councillors in other Core Cities. Only one Core City mentions sickness in its allowances scheme. Bristol City Council classes Councillors as employees in relation to sickness and therefore states that they are entitled to statutory sick pay on the same terms as employees. Councillors must provide medical certification in order to be eligible for Statutory Sick Pay. No other English Core City has yet included provisions for the diminution of allowances in cases of absence.
- 3.5 Should a case arise where the Chief Executive approves a Councillor's absence allowing them to remain in office beyond six months without attending meetings where the absence is not related to sickness, we agreed that allowances would continue to be paid. In the interests of equality, we also agreed that exemptions to the six month reduction should apply where the Councillor is absent for reasons relating to pregnancy or maternity.
- 3.6 **RECOMMENDATION TWO**
Where, through sickness, a Councillor has not attended any formal meetings of the Council and/or any Boards, Committees or Panels of the Council of which he/she is a member for a period of six months (but remains a

Councillor by virtue of a decision of the Chief Executive under section 85 of the Local Government Act 1972), from that date, any allowances to which he/she was formerly entitled to shall be payable at rate of 50% of the former allowance and only for a further period of six months.

3.7 RECOMMENDATION THREE

Where the Councillor is absent for reasons relating to pregnancy or maternity, no reduction should be made to allowances.

4. BASIC ALLOWANCE

4.1 Basic Allowance is paid to all Councillors in recognition of the responsibilities they have and the time commitment they make as a result of being a Councillor. These include work in their wards, responding to casework, being a member of Full Council and a member of an area committee amongst others.

4.2 Basic allowance is currently paid at a rate of £12074.28 per year. The Panel considered the levels of basic allowance paid by other core cities and similar sized authorities and found the rate paid at Nottingham to be comparable to those paid elsewhere. We also considered that the role of a councillor has not changed significantly in respect of the responsibilities held by all councillors since the last major review of all allowances.

4.3 For ease of understanding and consistency with our proposals for SRAs discussed later we propose that the Basic Allowance is rounded down to £12,000 per year.

4.4 This may seem like a nominal reduction but the Panel acknowledges that, in real terms, the value of the allowance has declined, given the disparity between inflation rates and the index applied to allowances.

4.5 RECOMMENDATION FOUR

That the Basic Allowance is reduced to £12,000.00 per year.

5. TRAVEL, SUBSISTENCE AND CARER'S ALLOWANCES

5.1 Councillors are currently eligible to claim travel and subsistence allowances when travelling outside of the city on Council business (unless travelling by bicycle in which case travel within the city can be claimed for). These allowances are payable at the same rates as those for employees. Councillors can also claim Carer's Allowance towards the cost of childcare or other care costs accrued as a result of their council duties. The maximum amount payable per hour has been set at the

same rate as the National Living Wage. The maximum amount of Carer's Allowance payable per year is limited to the maximum benefit which can be obtained by an employee of the Authority purchasing childcare vouchers (currently £933).

5.2 The Panel considered the rates at which these allowances were paid and agreed that the parity with travel, subsistence and childcare arrangements for employees resulted in Councillor Allowances being set at a fair level. We also noted the infrequency with which Councillors made claims against these categories in the Scheme. For these reasons we do not recommend any change to the Travel, Subsistence and Carer's Allowances.

5.3 RECOMMENDATION FIVE

That no changes are made to the Travel, Subsistence or Carer's Allowances.

6. SPECIAL RESPONSIBILITY ALLOWANCES

6.1 The majority of the Panel's discussions during this review focussed on the appropriate level at which to recommend Special Responsibility Allowances (SRAs) should be paid. SRAs are paid to those Councillors holding particular roles in recognition of the additional time and responsibility these roles bring with them. To inform our deliberations we heard oral evidence from Councillor Jon Collins, Leader of the Labour Group and Councillor Georgina Culley, Leader of the Conservative Group these being the only two parties currently represented on the Council. We also considered a written submission from the Labour Group and background information on the formal roles and responsibilities held by individual Councillors, the terms of reference and workloads of the Council's Committees, the frequency of meetings and the political balance of the Council. Ian Curryer, the Chief Executive, also assisted us with our deliberations.

6.2 During our consideration of the levels at which SRAs should be paid we recognised two principles:

- that regardless of what the Members' Allowances Scheme says, individual Councillors can choose not to claim an allowance they are entitled to, or to only claim it in part;
- that we supported the principle that Councillors should be able to claim a maximum of only one SRA, regardless of the number of positions they hold with an SRA attached. We therefore do not recommend any change to this in the Scheme.

6.3 Given the relatively limited scope of recent reviews by the Panel, it was timely that this Panel should review all the SRAs. In undertaking this review the Panel was informed by the Leader of the Council of likely structural changes that would be

implemented for the next municipal year. Our recommendations assume that those structural changes have taken place; we are not recommending that the changes happen, as that would be outside the remit of the Panel. **The recommended SRAs have been banded and are set out in Appendix One.** The following comments reflect the sequence of banding, with comments and recommendations on the Lord Mayor and Sheriff being made separately.

6.4 **Bands A B and C**

The City Council has now had the benefit of over a decade of experience of the executive governance arrangements introduced through the Local Government Act 2000 and the Panel received representations from the Leader of the Council and the Labour Group, the Leader of the Opposition and the Chief Executive. We gave careful consideration to all representations and were grateful for such experienced input, which has greatly helped us in making fresh recommendations across a range of SRAs. In our review, we sought, primarily, to recognise the degree of responsibility and importance assumed by a role and, also, the time commitment inherent in performing it properly. If there is felt to be a strong emphasis on the holders of executive office (ie the Strong Leader and his Cabinet), that is deliberate as, in our view, the responsibilities of, and accountabilities for, decision-making by single councillors (which was the fundamental change brought about through the Local Government Act 2000) should be reflected through a commensurate SRA. Bands A, B and C set out the recommended SRAs for the Leader, Deputy Leader and the other Portfolio Holders and give a modest increase on the current SRAs which, we consider, reflects their growing experience and importance within the Council's governance structure.

6.5 **Band D**

Within Strong Leader and Cabinet executive governance arrangements the Chair of the Overview and Scrutiny Committee should play a pivotal governance role in both holding the executive to account and in promoting policy development. Whilst the Panel were insistent that this role should be recognised by a significant SRA it considered that the current level of Overview and Scrutiny business justified a slight reduction from the current SRA. A proposed re-alignment of the scrutiny function to remove Scrutiny Panel Chairs and use a Vice Chair to run a scrutiny committee is addressed under the Band F comments below.

6.6 **Band E**

The Panel was satisfied that the majority group Chief Whip performed an important co-ordinating, management and pastoral role within a Council where 52 of 55 seats were held by one party. The SRA for the role had not been changed since the respective sizes of the parties on the Council were more balanced than now and so, based on a recognition of the increased time commitment involved with the role now, a significant increase to the SRA is recommended. Should the political balance on the Council change it will be open to the Council to request that this

SRA, and those for other positions where workload is correlated to party size, be reviewed by the Panel afresh, **(and we recommend that this happens)**).

6.7 Band F

Chairs of Area Committees: Within our review we had regard to representations made but also looked at the actual formal workload of the Area Committees and, whilst noting the key role the chairs must play for effective area working, we recommend a reduction in allowance to reflect the reduction in formal workload since the SRA was first introduced.

6.8 Executive Assistants: Although representations differed greatly on the merits of the Executive Assistant role, we concluded that it was performing a constructive role in providing support to the executive, policy development and talent development/succession planning. We consider the role has developed positively and have recommended a modest increase in the SRA.

6.9 Vice Chair of Scrutiny: On the assumption of the structural change mentioned above, leading to the removal of SRAs for Scrutiny Panel chairs, it is clear that the vice chair of Overview and Scrutiny would have enhanced responsibilities including chairing a committee and leading individual overview and scrutiny reviews. For this, we have recommended an appropriate SRA at Band F.

6.10 Chairs of Planning: This is a key regulatory committee and chairing it carries substantial responsibility and public accountability, which we consider warrants a SRA equivalent to others in this Band.

6.11 Chair of Licensing: Again, structural changes, in abolishing Licensing Panel chairs, will direct considerably more work to this post, given the assumption that all Panel work will now be chaired by this post and the vice chair post (see Band G). An examination of Licensing Committee workload suggested a significant reduction in the value of the SRA was warranted but we have, partly, counter-balanced this with a recognition of the new Panel work responsibilities. In addition it has been proposed that the positions of Chair of Licensing and Chair of Regulatory and Appeals, both of which currently attract separate SRAs are amalgamated into a single role with one individual chairing both bodies. This reflects the way in which these positions have been filled for several years. For these reasons we recommend a small increase to the SRA for the Chair of Licensing and the deletion of the post of Chair of Regulatory and Appeals from the Scheme.

6.12 Leader of Minority Group: We had contrasting representations on the number and value of SRAs for minority groups. We are recommending a significant reduction to the SRA for the Leader of the Minority Group and see this as directly linked to the small size of the group. The value of this SRA, when originally recommended by the Panel, reflected a far larger minority group and we have concluded that its

continuance at that level is not justified given the group's current size. As noted at paragraph 6.6 above, we do recommend that this SRA be reviewed if the political balance on the Council changes significantly. We also received representations proposing that an SRA should be applicable to the position of Deputy Leader of the minority group irrespective of the number of councillors in that group. The current Scheme provides for a Deputy Minority Group Leader SRA only where a group has six or more members. We carefully considered this proposal but came to the conclusion that maintaining a minimum number of councillors a group must contain before an SRA is applicable to the position of Deputy Leader is appropriate, particularly given the current size of the Minority Group.

6.13 Band G

Chair of Appointments and Conditions of Service Committee: The Panel considered, at length, whether to significantly increase this SRA, given the important role it has played in recent senior appointments and progress on 'single status' and new terms and conditions of employment. We were advised that a lesser workload than this peak is now expected, but we still recommend a modest enhancement to the SRA to reflect its prominence and importance.

6.14 Vice Chair of Licensing: See comments in paragraph 6.7 above. We recommend that a new SRA at Band G be paid to reflect the increased responsibilities and workload arising from the assumption of the Panel chairs' responsibilities.

6.15 Chair of Audit: The Panel is recommending a reduction in the SRA for this post, based on their reflections on the actual approach being taken by the City Council to their Audit Committee and the workload that this drives. In the event that the Committee took on a more challenging role, commensurate with best practice of private companies, the Panel recommend that the post be reviewed afresh.

6.16 Adoption Panel Members: The Panel considered information in relation to the role of Councillors sitting as members of Adoption Panels. These positions can be taken up by Councillors in their role as Corporate Parent. Having considered the time commitment and level of responsibility attached to this position the Panel recommend that two Band G SRAs are included in the scheme.

6.17 Civic Allowances

The Lord Mayor and the Sheriff: The Panel have always reviewed the civic allowances as part of its work. On this review we have carefully considered the roles of Lord Mayor and Sheriff and have recommended significant changes to their allowances, which we recommend be paid at Bands D and F respectively. Whilst we recognise the level of commitment required to fulfil these roles effectively, we have concluded that they do not carry comparable levels of executive responsibility and accountability to SRAs in Bands A to C. We understand that it is proposed to create a civic expenses' budget, for the claimable expenses of civic office holders,

set at a maximum level of £3,000 per civic post. We support this and our recommendation assumes it will be introduced.

6.18 Nil Value Allowances

The Panel considered the SRAs currently attached to the positions of Leader of Smaller and Smallest Minority Groups and Deputy Leader of each Minority Group (6+ members). Due to the current political balance of the Council these positions are not currently eligible for an allowance. Given that political balance is unlikely to change significantly prior to the all Council elections due to be held in May 2019 the Panel felt it appropriate to recommend that these allowances are reduced to a nil value and that this is reviewed should any significant change to political balance occur.

6.19 Deletion of Position of Deputy Lord Mayor from the Scheme

The Panel considered the fact that the position of Deputy Lord Mayor was last appointed to for the 2010-11 Municipal Year and were informed that there was no intention of appointing to it in the future. We therefore recommend that this position is removed from the scheme.

6.20 RECOMMENDATION SIX

That, based on the considerations above and predicated by the structural changes and resultant deletion of current positions in relation to Scrutiny and Licensing, the SRAs outlined in appendix one are adopted by the Council.

6.21 RECOMMENDATION SEVEN

That should the political balance on the Council change the IRP is recalled to review the inclusion in the scheme and level of allowance attached to the following positions:

- **Majority Group Chief Whip,**
- **Leader of the Minority Group,**
- **Leader of the Smaller and Smallest Minority Groups,**
- **Deputy Leader of each Minority Group (6+ Members).**

6.22 RECOMMENDATION EIGHT

That until any significant change to political balance occurs, the SRAs for the following positions remain in the scheme but are reduced to a nil value:

- **Leader of the Smaller and Smallest Minority Groups,**
- **Deputy Leader of each Minority Group (6+ Members).**

6.23 RECOMMENDATION NINE

That in the event of the Audit Committee taking on a more challenging role, commensurate with best practice of private companies, the SRA attached to the position of Chair be reviewed afresh.

6.24 RECOMMENDATION TEN

That two SRAs attached to the positions of Adoption Panel Member are added to the scheme.

6.25 RECOMMENDATION ELEVEN

That the position of Deputy Lord Mayor is deleted from the scheme.

PROPOSED SRAs

| Band | Position | No of Positions | Proposed SRA (£) |
|-------------|---|------------------------|-------------------------|
| A | Leader | 1 | 35,750 |
| B | Deputy Leader | 1 | 26,000 |
| C | Portfolio Holders | 8 | 19,500 |
| D | Lord Mayor | 1 | 13,000 |
| | Chair of Scrutiny | 1 | 13,000 |
| E | Chief Whip (Majority Group) | 1 | 9,750 |
| F | Chairs of Area Committees | 8 | 6,500 |
| | Executive Assistants | 5 | 6,500 |
| | Sheriff | 1 | 6,500 |
| | Vice Chairs of Scrutiny | 2 | 6,500 |
| | Chair of Planning | 1 | 6,500 |
| | Chair of Licensing | 1 | 6,500 |
| | Leader of Minority Group | 1 | 6,500 |
| G | Chair of ACOS | 1 | 3,250 |
| | Vice Chair of Licensing | 1 | 3,250 |
| | Chair of Audit | 1 | 3,250 |
| | Adoption Panel Members | 2 | 3,250 |
| N/A | Leader of smaller and smallest minority group | - | 0 |
| N/A | Deputy Leader of each minority Group (6+ Members) | - | 0 |