



**A REVIEW OF
MEMBERS' ALLOWANCES
FOR
SOUTHAMPTON CITY COUNCIL**

**THE REPORT BY THE
INDEPENDENT REMUNERATION PANEL**

NOVEMBER 2014

**South East Employers
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FOREWORD

This report has been produced for Southampton City Council as part of the Council's requirement to receive independent advice from its statutory advisory panel on members' allowances. The membership of the Panel was David Gilani (Chair) Student Engagement Officer, University of Southampton, Mark Palmer, Development Director, South East Employers, Kevin Liles, Chair of Southampton Voluntary Services and Ellie Cawthera, Vice President Engagement, University of Southampton Students' Union.

The Panel would also like to record its gratitude to the Members and Officers of Southampton City Council who were interviewed or provided information for the Panel's consideration.

Mark Palmer
Member of the,
Independent Remuneration Panel

1. Introduction and Terms of Reference

A review of the Southampton City Council Members' Allowances Scheme was conducted by the Independent Remuneration Panel at the request of the council in response to the requirement that all Councils are required to convene their Panel and seek its advice before they make any changes or amendments to their members' allowances scheme. The Panel was convened under The Local Authorities' (Members' Allowances) (England) Regulations (SI 1021) ("the 2003 Regulations")

The Panel met on the 23rd September, 2nd and 7th October 2014. The Panel interviewed the following Members and Officers as part of the review:

- Councillor Catherine McEwing – Chair of the Employment Panel
- Councillor Simon Letts- Leader of the Council
- Mark Heath – Director of Corporate Services
- Dawn Baxendale- Chief Executive
- Councillor Jeremy Moulton- Chair of the Overview and Scrutiny Management Committee
- Councillor Royston Smith- Opposition Group Leader and Leader of the Conservative Group
- Councillor Warwick Payne- Cabinet Member for Housing and Sustainability

Councillor Morrell (Group Leader- Councillors Against Cuts) was invited to interview but chose to decline the invitation.

2. Work of the Panel

The remit of the Panel was to consider and review the Members' Allowance scheme. The Panel in particular reviewed the Allowance scheme in relation to the following:

- Basic Allowance
- Special Responsibility Allowances (SRA's)
- Allowances for Co-opted and Independent members of the Council committees and panels
- Criteria for travel and subsistence claims that needed to be reviewed.
- Communications allowance including telephone, broadband, mobile communications, IT hardware and software.
- Carers Allowance
- Matters related to the Member Allowance scheme that may be raised during the review process

The Panel requested information from officers to assist the review. Members were invited to give their views to the Panel on the allowance rates, ratios and differentials in the SRA's and other matters they wished to raise. Much of the consultation of the Members was undertaken by Group Leaders and shared with the Panel during the interview process.

The Panel met on three occasions and in coming to its recommendations, took into account the following:

- Current Members' Allowance Scheme
- The Local Authorities (Members' Allowances) (England) Regulations 2003
- Comparison data with similar unitary Councils regionally and nationally
- The role and responsibilities of the ward Member and those roles attracting a SRA
- Feedback from Members
- Councillor Census data produced by the Local Government Association (LGA). 2013 Census of Local Authority Councillors

- Comparison data in respect of the National Minimum Wage (NMW), The Living Wage (LW), Average Weekly Earnings and the National Joint Council (NJC) for Local Authorities pay rates/percentage increases.
- Other relevant information to support the Panels considerations and recommendations

3. Summary of recommendations

Following close consideration of the issues arising from their interviews with Members and Officers and other detailed information provided the Panel make the following recommendations:

- **Basic Allowance**

The Basic Allowance should be linked to the Living Wage (LW) as determined by the Living Wage Foundation. The current rate of the LW is £7.85 per hour (outside of London). The level of the LW is determined on an annual basis with the latest review having taken place on 3rd November 2014 as part of Living Wage Week. The Basic Allowance should be calculated on the basis of a non-Executive Member undertaking up to 27 hours on Council and group business.

The weekly hours are based using the Census of Local Authority Councillors 2013 (Local Government Association) which states that Councillors reported spending an average of 25.1 hours on council/group business and in metropolitan districts this increased to 30.9 hours. The recommendation of the Panel is based on a figure between 25.1 hours (that includes all councils including second tier districts and boroughs) and 30.9 hours for large urban metropolitan districts e.g. Leeds and Manchester MBC's.

The Basic Allowance based on the above criteria would be as follows £7.85 x 27 hours x 52 weeks = **£11,021.40**. This will be reviewed on an annual basis in line with the LW.

- **Special Responsibility Allowances (SRA's).**

The Special Responsibility Allowance (SRA'S) ratios should remain unchanged e.g. Leader of the Council 2 x Basic Allowance. The SRA's should be adjusted in line with changes to the Basic Allowance.

The Chair of Governance Committee should be added to the list of allowances for other committees. The Chair of Governance Committee should receive an SRA equal to the Chairs of other committees that is currently set at **0.5 x Basic Allowance**.

The criteria for determining the allowance for **Opposition Group Leaders** should be changed so that the level of allowance better reflects the size/number of Members in each group. The Panel recommends that a formula be introduced that is based on the number of Members within each Opposition Group.

Opposition Group Leaders should therefore receive an SRA equal to 1/24th of the Basic Allowance multiplied by the number of Members within the Group. The figure of 24 has been chosen as it is half (50%) of the current total of Council Members (48 Members). This approach ensures that the SRA for Opposition Group Leaders is never more than that of a Cabinet Member (i.e. an amount equal to the Basic Allowance). The approach is both equitable and will lead to financial savings from what is currently spent on SRA's for Opposition Group Leaders.

The figures will be as follows £11,021.40 divided by 24 = **£459.23 per Group Member**. Based on the current Council political composition this will be equate to the following level of allowance:

- Conservative Group Leader - £459.23 x 18 Members = **£8266.14**
- Councillor's Against Cuts Group Leader- £459.23 x 2 Members = **£918.46**

- **Co-opted Member/Independent Persons Allowance**

The Co-opted Member/Independent Persons Allowance to be de- linked from the National Minimum Wage and to be increased in line with National Joint Council (NJC) pay awards.

The allowance is **£643.80** and is calculated on the basis of members working for up to 3 weeks at 37 hours per week on an hourly rate based on the 2007 National Minimum Wage. The Panel were of the view that the figure of £643.80 should remain but it be separated from the National Minimum Wage and any future increases be linked to the NJC pay awards for Local Government Employees (A pay award is currently pending and is likely to be 2.2% from 1st January 2015 to 31st March 2016) .

- **Carers' Allowance**

The Panel are of the view that the current allowance for Carers' of a maximum of £15.00 per day is no longer fit for purpose and should be replaced by a more realistic allowance. The Panel recommend that the Carers' Allowance be increased so that claims can be made up to that of the **Living Wage £7.85 per hour** on provision of receipts. Payment will be made for actual approved Councillor Duties only and will also include reimbursement of payment for travel time.

- **Communications Allowance**

The current allowance for telephone line rental and broadband (£10.20 per month line rental/ £15.00 per month line rental and broadband) should continue until the Councils Transformation Review of Communications is completed. Once a new framework for Council Communications is in place then the Council should request that the Panel consider an appropriate set of allowances to cover all aspects of communication e.g. telephone line rental, broadband, IT hard ware/software and mobile communications.

All other elements of the Members' Allowances scheme to remain unchanged

4. Implementation of Recommendations

As permitted by the 2003 Members' Allowances Regulations (paragraph 10.6) it is recommended that the new Members' Allowances scheme as recommended in this report be implemented by the 1st April 2015.

5. Considerations and Recommendations of the Panel

A. Basic Allowance

The Members' Allowance scheme was last reviewed in August 2011 with the report been considered by Council in September 2011. Many of the Panels recommendations were either not accepted or amended by Members.

The Council had decided to use the National Minimum Wage (NMW) as the basis of the Basic Allowance, based on a 37 hour week, with the SRA's being proportional to the Basic Allowance. Although the use of the NMW as the basis for calculating the Basic Allowance had been sustainable concern was expressed by the Panel that the current

allowance was still based on the NMW rate of 2009 and the Basic and SRA's had not increased in line with the increase in the NMW.

The Panel are of the view that the NMW is no longer the best criteria for determining the Basic Allowance and that a more appropriate criteria for determining the Basic Allowance is the Living Wage (LW). The Council is currently in the process of negotiating the use of the LW for Council employees and is also committed to encouraging employers across the city to commit to the LW as a basis for 'fair' pay. The use of the LW as the basis for determining the level of Basic Allowance will provide a medium term and sustainable approach for the Members' Allowance scheme.

Whilst the Panel appreciated that the current link to the NMW was based on a 37 hour week the Panel did not feel that this reflected the actual number of hours that a non-Executive Member should be undertaking to effectively carry out the role. Although it was acknowledged that the actual number of hours undertaken would be different for each Member and would be determined by the ward represented and other responsibilities e.g. other employment or caring responsibilities; it was felt that 37 hours was excessive.

The view of the Panel in relation to the weekly hours was supported by both feedback from the interviews and also the findings of the Census for Local Authority Councillors 2013 (LGA). The Census reported that the average number of hours per week on council, group and party business was 25.1 hours. This figure increased to 30.9 hours for Members in large metropolitan councils e.g. Sheffield, Manchester and Leeds and fell to 20.6 hours in shire district councils. As a mid size unitary 'all purpose' council the Panel are of the view that 27 hours per week is a good basis for determining the Basic Allowance.

The recommended Basic Allowance for the Council also compares favourably with other mid size unitary councils. (The figures are based on 2013/14 Basic Allowances).

Council	Basic Allowance (£'s)
Brighton & Hove	11,463
Bristol City	11,530
Coventry City	13,001
Derby	9,976
Doncaster	12,120
Hull City	12,337
Milton Keynes	9,962
Plymouth City	10,044
Portsmouth City	10,302
Southampton City	11,021 (Recommended Basic Allowance)
Stoke- on –Trent	11,876
Sunderland City	8,369
Wakefield MBC	11,095

Recommendation: That the Basic Allowance be calculated based on the use of the LW currently **£7.85 per hour** (2014-15). The LW is currently reviewed on an annual basis during Living Wage Week (first week in November each year). The Basic Allowance to be calculated on the basis of Members' undertaking an average of **27** hours per week on

council, group and party business. The recommended Basic Allowance is £7.85 x 27 hours x 52 weeks = **£11,021.40**.

B. Special Responsibility Allowances

The Panel noted that the Council had determined to base the SRA's using a multiplier of the Basic Allowance. The Panel continues to support this approach as the basis for calculating the level of SRA's to be paid.

The Panel also continues to support the current multipliers for the following roles:

Leader of the Council	-	2 x Basic Allowance
Cabinet Member	-	1x Basic Allowance
Chair of Employment	-	0.5 x Basic Allowance
Chair of OSMC	-	0.5 x Basic Allowance
Chair of Planning	-	0.5 x Basic Allowance
Chair of Licensing	-	0.5 x Basic Allowance
Chair of Health Panel	-	0.25 x Basic Allowance

Chair of Governance Committee

The Panel considered the allowance for the Chair of Governance Committee that since been set up has had no allowance and is currently not included in the scheme of allowances. When the Committee was first developed the Chair was the Mayor and therefore there was no SRA entitlement. However, in the last few years following statutory changes the Chair has become a Member and the Panel are therefore of the view that the role of Chair of Governance Committee should receive a SRA at a rate similar to the other main committees.

Recommendation: That the Chair of Governance Committee receive a SRA equal to the other main committees, **0.5 of the Basic Allowance, £5,510.70**.

Chair of Children and Families Scrutiny Panel

The Panel are aware that the Overview and Scrutiny Management Committee had in October 2014 approved the setting up of a Children and Families Scrutiny Panel for 2 years to provide robust scrutiny of Children and Family services. The Panel should lead to a strengthening of the political scrutiny of these sensitive and complex areas; and ensure that the necessary rigour to the scrutiny of Children and Families is undertaken.

The Panel recommends that the Chair of Children and Families Scrutiny Panel receive a SRA comparable to the Health Scrutiny Panel, 0.25 x Basic Allowance.

Recommendation: The Panel recommends that the Chair of Children and Families Scrutiny Panel receive a SRA 0.25 X Basic Allowance **£2,755.36**.

Opposition Group Leaders

The current allowance for Opposition Group Leaders is currently 0.75 x Basic Allowance £8,369.40 and the Panel are of the view that the allowance for Opposition Group Leader needs to better reflect the size of the political group. The Panel recognise that it is a critically important role to organise, manage and develop a political group and the role also supports local democracy and local accountability.

However, the complexity of the role of Opposition Group Leader is impacted by the size of political group that the Leader has to oversee. In the recent past the size of the political group

was less of an issue since the main opposition groups were of roughly similar size, however this is no longer the case and the current two opposition groups are of a comparably different size.

The Panel are of the view that the Opposition Group Leader should receive a SRA based on the number of Members within the group and this should be based on a per Member payment. The Panel are also of the view that the Leader of the Opposition Group should not receive a SRA greater than that of a Cabinet Member (1x Basic Allowance) since the Cabinet Members are the key decision makers.

The Panel recommends that the Opposition Group Leaders should receive a SRA equal; to 1/24th the Basic Allowance multiplied by the number of Members within their group. The figure 24 is chosen as it is half (50%) the number of all Members (48 Members). This ensures that the SRA for Opposition Group Leader is never more than that of a Cabinet Member (i.e. an amount equal to 1 x Basic Allowance)

Recommendation: The Panel recommends that the SRA for the Opposition Group Leaders be based on the size of the opposition group. Each Opposition Group Leader should receive an allowance equal to 1/24th the Basic Allowance multiplied by the number of Members within the Group. This will need to be reviewed after each election, by-election or should there be a vacancy in a ward or a defection to another party.

The current recommended Opposition Group Leader allowances are as follows:

Conservative Group Leader – 18 Members x £459.23 per Group Member = **£8,266.14**
Councillors Against Cuts Group Leader – 2 Members x £459.23 per Group Member = **£918.46.**

Deputy Leader

In accordance with the Local Government and Public Involvement in Health Act 2007, the Council Leader is required to appoint a Deputy. The Panel considered whether a SRA should be paid to the Deputy Leader.

Recommendation: The Panel recommend that as the role of the Deputy Leader has always been a Cabinet Member and has received a SRA for the Cabinet Member role then their should be no separate allowance for the role of Deputy Leader.

C. Co-optees' and Independent Persons Allowance

There are currently co-optees on two committees who are entitled to the allowance of **£643.80** per annum. The two committees are:

- Governance Committee- There are two co-opted independent members of the Committee who are members of the public , openly recruited to serve a three year term
- Overview and Scrutiny Management Committee (OSMC) – There are four co-optees, two church representatives and two governor representatives who are only entitled to vote on educational matters. The appointments are statutory but changes to the committee structure have impacted on the nature and level of their participation.

The Panel are of the view that the current allowance of £643.80 for the co-optees should be left unchanged but the basis by which the allowance is calculated should be changed. The current Co-optee allowance is calculated based on the equivalent of three weeks of the NMW, with a week based on 37 hours. The level of allowance is based on the NMW rate at 2007 and has not been increased in line with the increase in the NMW. The Panel are of the view that the link between the Co-optee allowance and the NMW should be broken as it has failed to be up rated in line with the NMW. The Co-optee allowance should no longer be

linked to the NMW but should be increased in line with the NJC pay award for Local Government Employees.

Recommendation: The current rate of the Co-optee allowance should continue at **£643.80** per annum but the link to the NMW should be broken. Future increases in the Co-optee allowance should be linked to the NJC pay award for Local Government Employees. It is anticipated that this will lead to an increase in the Co-optees allowance of 2.2% for the period 1st January 2015 to 31st March 2016

The Localism Act 2011 specifies that “Arrangements” should be adopted by the Council for dealing with allegations that a Member may have breached the Code of Conduct. Provision should be made for the appointment of a **Designated Independent Person**. The Council currently has two Independent Persons that receive an allowance of **£643.80 per annum**. The allowance is the same as that of the Co-optees and is currently calculated on the same basis e.g. Three weeks of the NMW at 37 hours per week.

Recommendation: The current rate of the Designated Independent Persons Allowance should continue at **£643.80** per annum but the link to the NMW should be broken. Future increases in the Designated Independent Persons Allowance should be linked to the NJC pay award for Local Government Employees.

D. Carers Allowance

The Council currently has a structure of allowances for carers that is both insufficient, out of date and as a result is not widely used by Members. The Panel are aware that there was a significant difference in how the Council support staff with childcare responsibilities (e.g. childcare vouchers funded from employees’ gross salary) and that there was no staff scheme for a carers’ allowance. Therefore based on the existing and out of date rates, the maximum amount that could be paid for childcare currently does not exceed £15 per day and this is the provision in the current Members’ Allowances scheme.

The Panel are of the view that this is an insufficient amount for a Member with caring responsibilities to undertake the ‘approved duties’ of an Elected Member. The current Carers’ allowance could also act as a barrier to members of the public considering standing for Council if the cost of care is not wholly or mostly met by the Council.

With regard to the Carers’ allowance the Panel are of the view that the allowance should meet a significant amount of the cost for care that is charged by the commercial organisations, based on an hourly rate.

Recommendation: The current allowance of £15 per day to be replaced with an allowance based on an hourly rate. The hourly rate for supporting care responsibilities should be linked to the **Living Wage, currently £7.85 per hour**. Payment for caring responsibilities will support all current ‘Approved Duties’ for claiming expenses and will be reimbursed on production of receipts to a maximum of the rate of the LW £7.85 per hour. The allowance payment will also cover the travel time incurred by the Member in carrying out approved duties.

E. Communications

The Council’s current policy and approach to communications that includes telephone, mobile communication, broadband and IT software and hardware is currently been reviewed as part of the Council’s Transformation Programme. The recommendations of the review of communications will apply to both Council employees and Elected Members.

The current Members' Allowances scheme in respect of communications is the same as that provided for employees; telephone line rental is reimbursed at a rate of £10.20 per month and for Members that have both a telephone line rental and internet broadband access the maximum payment is £15.00 per month.

The Panel are of the view that the current allowance in terms of its scope e.g. the current lack of an allowance for and the provision of a mobile/ smartphone and/or a lap top or tablet computer was unacceptable and could be a barrier to a Member carrying out the role effectively.

However, the Panel are aware of the current review of communications as part of the Transformation Programme and recognise that at the moment it would not be right to make any changes to the current scheme of allowances until the review recommendations have been agreed and implemented. Once the review recommendations have been agreed and implemented the Panel would like to meet to determine a more appropriate set of allowances to cover all aspects of communication.

Recommendation: The current allowance of **£10.20 per month** for telephone line rental and **£15.00 per month** for telephone line rental and broadband to remain unchanged until the approved recommendations of the Transformation Programme in respect of communications are implemented. Once the recommendations of the Transformation Programme review are implemented then the Panel will reconvene to recommend a more relevant and up to date approach to allowances to support all aspects of modern communication.

F. Travel and Subsistence.

The Members' Allowances scheme reimburses travel by car at the HMRC Approved Mileage Allowance Payment. Subsistence rates for undertaking 'Approved Duties' are adjusted in line with the rate for City Council employees. The Panel **recommends** that the current approach to travel and subsistence rates continues and is adjusted in line with the rate for Council employees.

6. Implementation of the Recommendations

As permitted by the 2003 Members' Allowances Regulations (paragraph 10.6) it is recommended that the new Members' Allowances scheme as recommended in this report is implemented from 1st April 2015.

Appendix 1

Recommendations of the Panel – Members' Allowance Scheme

Allowance Scheme	Current Allowance (£) 2009 rate payable	Recommended Allowance (£)	Recommended Allowance Calculation
Basic Allowance	11,159.20	11,021.40	Living Wage x 27hours x 52 weeks
Leader of the Council	22,318.40	22,042.80	2 x Basic Allowance
Cabinet Member	11,159.20	11,021.40	1 x Basic Allowance
Chair of Employment	5,579.60	5,510.70	0.5 x Basic Allowance
Chair of Planning	5,579.60	5,510.70	0.5 x Basic Allowance
Chair of Licensing	5,579.60	5,510.70	0.5 x Basic Allowance
Chair of OSMC	5,579.60	5,510.70	0.5 x Basic Allowance
Chair of Health Scrutiny Panel	2,789.80	2,755.36	0.25 x Basic Allowance
Chair of Children and Families Scrutiny Panel		2,755.36	0.25 x Basic Allowance
Opposition Group Leaders	8,369.40	459.23 per Group Member	Based on a per Group Member figure (1/24 th of the Basic Allowance)
Co-opted Member	643.80	643.80	To increase in line with NJC pay awards
Chair of Governance Committee (replaces Audit Committee Chair)		5,510.70	0.5 x Basic Allowance
Independent Persons (Two)	643.80	643.80	To increase in line with NJC pay awards
Carers Allowance	15.00 per day	7.85 per hour	To be linked to Living Wage. Per hour of approved duties plus travel time
Communications	15.00	15.00	Per month
Travel	45p	45p	HM Revenue and Customs Rate. Per mile for the first 10,000 miles

Note:

Basic Allowance = Living Wage x 27 hours per week x 52 weeks a year