

# Report of the Independent Remuneration Panel to Northampton Borough Council

## 1. Introduction

1.1. The Local Authorities (Members' Allowances) (England) Regulations 2003 put in practice a consolidated and simplified framework for allowances that covers Principal Councils and Parish and Town Councils.

1.2. Part 4 of the Regulations makes provision for the establishment of an Independent Panel to make recommendations concerning Allowances. It is for you as a Council to determine your Allowances Scheme but you do have a legal duty to take account of our recommendations.

1.3. Our Panel comprises John Cade (Chairman), Ron Dean, Jim Gammans and Cara Manchester. Previously Director of Scrutiny with Birmingham City Council, John is now a member of the Institute of Local Government Studies at the University of Birmingham and also chairs several other Independent Remuneration Panels. Ron is a Justice of the Peace, Jim works for Age UK Northampton as a Trading Products Co-Ordinator. Jim graduated from the University of Northampton with a Marketing and Business Studies degree and Cara is an experienced Chartered Accountant and works for a Northampton based company. They are also experienced in Independent Remuneration Panel (IRP) work as they serve on Northamptonshire County Council's Panel.

## 2. Way of Working

2.1. The Panel's activity fell into four areas:

- a) A comprehensive review of the background and contextual information on Northampton Borough Council, focussing on changes which have taken place since the Council's last full review in 2008.
- b) Taking evidence from Councillors and the Chief Executive of the Council.
- c) A review of the oral and written submissions.
- d) Agreeing unanimous recommendations by the four Panel Members.

2.2. It was very important to us that as many Councillors as possible had the opportunity to submit evidence. Every Councillor was given the opportunity to complete a questionnaire, submit written evidence or give evidence in person to the Panel itself.

2.3. 11 Councillors completed a questionnaire and 15 Councillors gave oral evidence to us. We also received 2 e-mails from Councillors. This was invaluable to us in gaining an overall picture of Councillors' feelings on the matter of allowances.

2.4. As in normal practice, we also took evidence from your Chief Executive.

2.5. In our work we received excellent support from Francis Fernandes, Marianne McCarthy and Tracy Tiff. We would particularly like to thank Tracy for assembling the amount of comparative and supporting information she provided for us.

### **3. Context**

3.1. Your last review of Members' Allowances took place in 2008 with decisions being taken at your 27<sup>th</sup> October 2008 Council meeting.

3.2. At your Council meeting on 19<sup>th</sup> May 2011 full Council took the decision that there be no increase for the life of the Council in any of the allowances paid to Councillors.

3.3. The Panel was formally set up in August 2016 with the following remit:

*To formulate a view and make recommendations to the Council of the kind set out in the Local Authorities (Members' Allowances) (England) Regulations 2003 namely:-*

- (a) *as to the responsibilities or duties in respect of which the following should be available-*
  - (i) *special responsibility allowance;*
  - (ii) *travelling and subsistence allowance; and*
  - (iii) *co-optees' allowance;*
- (b) *as to the amount of such allowances and as to the amount of basic allowance;*
- (c) *as to whether dependants' carers' allowance should be payable to members of the authority, and as to the amount of such an allowance;*
- (d) *as to whether, in the event that the Scheme is amended at any time so as to affect an allowance payable for the year in which the amendment is made, payment of allowances may be backdated to apply with effect from the beginning of the year in which the amendment is made;*
- (e) *as to whether adjustments to the level of allowances may be determined according to an index and if so which index and how long that index*

*should apply, subject to a maximum of four years, before its application is reviewed;*

*and to make recommendations in respect of any other matter reasonably referred to the IRP.*

3.4. Before we get into our specific proposals we wanted to make two general observations:

### **3.5. Atypical Nature of Northampton Borough Council**

Firstly, an important context for our deliberations is that your Council is not a “typical” district council in a couple of important ways. You are by far and away the largest district council in terms of population and net revenue spend. And then your “growth agenda” both economically and demographically is significant. We were, therefore, very mindful that when we looked at comparative information for other Councils the demands on Northampton Councillors were often higher than more typical district Councils.

### **3.6. Broad Spectrum of Views on Allowances**

Secondly, the evidence we took showed a full gamut of views on allowances. Opinions expressed to us ranged from “allowances are distorting the voluntary/community service role of Councillors” to, “if we are going to attract able people to become Councillors we must provide higher allowances”. Similarly, “now is not the right time to make any increase, particularly with “cuts” across the Council” to “we cannot have a permanent freeze”.

3.7. In our recommendations we have sought to make balanced judgements on these matters.

## **4. Findings**

### **4.1. Basic Allowance**

The majority of the evidence we received was that the basic allowance of £6,692.26 was about right and should not be increased. We share this view following our examination of the comparative information that was provided to us.

### **4.2. Special Responsibility Allowances (SRAs)**

#### **a) Leader’s Allowance**

Similar to many other Councils, the structure of your SRAs is based on percentages of the SRA agreed for the Leader of the Council. The

determination of the Leader's allowance is, therefore, particularly significant.

We looked at what your previous 2008 review had said and found this passage:

*“There is also a consensus that the Panel supports, that the post of Leader is close to being a full time equivalent, regardless of the individual in situ. The median annual salary for all FTEs within the Northampton Borough Council area was £23,088 in 2007, which the Panel feels is a justifiable, defensible and transparent figure upon which to base the Leader's total remuneration package. By deducting the recommended Basic Allowance of £6,625 from £23,088 it produces a tentative recommended SRA of £16,463”.*

We take the view that it is very important to have “an anchor” for explaining to the public how the Leader's SRA (and consequently the other SRAs) is determined. We share the view of the previous Panel that basing the Leader's SRA on the median annual salary for all FTEs within the Northampton Borough council area makes sense.

We, therefore, asked what the current median annual salary is and have been informed that it is £23,920<sup>1</sup>. This is an increase of just £832 from the 2007/2008 median salary. We believe this modest increase should be applied so that the important link with comparators is maintained. This would mean that the Leader's SRA would be £17,227.74, (ie. £23,920 minus the current Basic Allowance of £6,692.26.)

**b) Other Special Responsibility Allowances**

i) Having regard to the evidence we received, we believe the relevant percentages of the Leader's allowance:

- **Deputy Leader (60%)**
- **Cabinet Member (55%)**
- **Chair of Overview and Scrutiny (35%)**
- **Leader of Main Opposition Party (35%)**
- **Chair of Planning (30%)**
- **Chair of Licensing (30%)**
- **Leader of the Third Group (20%)**
- **West Northamptonshire Joint Strategic Planning Committee (10%)**

remain appropriate and should stay unchanged.

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<sup>1</sup> Source of data: Office of National Statistics <http://www.neighbourhood.statistics.gov.uk/HTMLDocs/dvc126/>

- ii) We do believe that there is a case for increasing the SRA to the **Chair of Audit Committee** from 20% to 25% of the SRA of the Leader. This would increase to £4,306.94 from £3,408.75. The role of the Audit Committee has, in recent years, become more important for many Councils with enhanced responsibility for the Chair. We attach the Role and Terms of Reference of the Committee and feel this justifies an increase, particularly due to the responsibility for approving the Annual Statement of Accounts.
- iii) With regard to the SRA for the **Chair of Standards Committee**, we believe that, since this post is now drawn from Councillors as opposed to being a co-opted post it should also be a percentage of the Leader's allowance. We believe this should be 15% which equates to an increase of £554.16 pa from its current figure of £2,000. This modest increase we feel is justified by the responsibility of the post.
- iv) The only remaining SRA we need to refer to is that which relates to **Councillors appointed to the West Northants Joint Strategic Planning Committee**. It is currently 10% of the Leader's Allowance. We were advised that the role of the West Northants Joint Strategic Planning Committee was in transition.
- v) There is nothing unlawful or wrong about paying a Councillor more than one SRA for roles within the same Council but it is a practice which is diminishing. Most Independent Remuneration Panels recommend that only one SRA can be claimed by those Members who hold different roles, each of which has an SRA entitlement.

Moreover, the Council's Constitution is silent about whether or not more than one SRA may be claimed by a Councillor. Guidance on your web-site suggests only one SRA can be claimed.

The Panel therefore recommends that you introduce the policy that only one SRA can be claimed by those Members who hold different roles, each of which has an SRA entitlement.

This will mean that a similar level of budget provision will not need to be made for this in the future.

## 5. Index Linking

You have previously provided for index linking of allowances coupled to any increases awarded to Northampton Borough Council employees. We believe that it is important to restore this index-linking. It is therefore recommended that the Basic Allowance and Special Responsibility Allowances are index

linked to any increases awarded to Northampton Borough Council employees at Grade 5 of the organisation's Pay Scale.

This will provide that both the Basic Allowance and Special Responsibility Allowances increase at an appropriate rate and prevent periodic "catch-up" lump proposals which are more difficult for the public to understand. This index linking takes effect from the May 2017 Annual General meeting of full Council until the next review of the IRP, or for a period of four years, whichever is the sooner.

## **6. Whips**

In the course of our evidence taking, the role of Group Whips and whether they should receive an allowance was raised with us. Reference was also made to Northamptonshire County Council's (NCC) practice of paying an allowance to their Group Business Managers. We have seen the role descriptions for these NCC posts and are satisfied that they indicate a role quite different from that carried out by the Whips in NBC. We therefore, will not be recommending any change to the current practice of viewing the Whip as a Party-Political post and not receiving an SRA.

## **7. Assistant Cabinet Members**

We were also asked to consider the possibility of an allowance for the post of Assistant Cabinet Members. Whilst Cabinet Members cannot delegate decision making to an Assistant Cabinet Member, we recognise the value – particularly for succession planning - of having such posts.

However, before any recommendation on an allowance can be made there needs to be a job description for the role and some evidence on how this is working out in practice.

## **8. Travel and Subsistence**

We were made aware of the draft Guidance Notes for Members on Travelling Allowances. We attach a copy of this Guidance to our report. We believe this properly covers travel arrangements.

We therefore recommend that the Councillors' Travelling Allowance, Guidance for Members, draft version 4, February 2017 as attached is taken to full Council for approval.

## **9. Dependants' Carers Allowance Scheme**

The Dependants' Carers Allowance provides reimbursement for care up to a maximum of 15% of the Basic Allowance per annum with the claim accepted upon receipt of a "self-declaration" made by the Councillor.

Some Councillors believed that this allowance can only be paid for dependent children but the Council's Constitution (Part 6, 6 – 3) is clear that the allowance "will be paid to those Councillors who incur expenditure for the care of dependent relatives or children whilst undertaking Approved Duties".

We see no reason to make any recommendation for changes to the scheme, but suggest that it would be helpful in situations where a Councillor intends to make a claim, if they give some advance notice to the relevant Officer as soon as practicable.

## **10. Budget Pressures**

As a Panel we are very mindful of the budget pressures faced by the Council. Indeed, many Councillors in their evidence to us made the point that "we are all in this together" and we cannot be awarding ourselves increases when most of the residents within the Borough are seeing little, if no, increase in their take home pay.

Reference was also made to the increased working hours, with no additional pay for NBC staff.

We are therefore keen to limit any budget impact having full regard to our recommendations and the index linking. If our recommendations are accepted this will mean a net increase in your 2017/2018 Municipal year budget of £6,789.30.

Summary of Recommendations

<b>Allowance</b>	<b>Number of Recipients</b>	<b>Current Amount (Paid 16/17)</b>	<b>Current Percentage of Leader's SRA</b>	<b>Recommended Amount</b>	<b>Proposed Percentage of Leader's SRA</b>	<b>With 1% indexation (Paid 17/18)</b>
Basic Allowance	45	6692.26	N/A	6692.26	N/A	6759.18
Leader's SRA	1	17043.75	N/A	17227.74	N/A	17400.02
Deputy Leader's SRA	1	10226.25	60%	10,336.64	60%	10440.01
Cabinet Member	5	9374.06	55%	9475.26	55%	9570.01
Chair of Overview and Scrutiny	1	5965.31	35%	6029.71	35%	6090
Leader of the Main Opposition	1	5965.31	35%	6029.71	35%	6090
Chair of the Planning Committee	1	5113.13	30%	5168.32	30%	5220
Chair of the Licensing Committee	1	5113.13	30%	5168.32	30%	5220
Chair of the Audit Committee	1	3408.75	20%	4306.94	25%	4350.01
Leader of the Third Group	1	3408.75	20%	3445.55	20%	3480.01
Councillor appointed to the West Northants Joint Strategic Planning Committee	4	1704.38	10%	1722.77	10%	1740
Chair of Standards Committee	1	2000	N/A	2584.16	15%	2610
<b>TOTALS:</b>		<b>£413,083.90</b>				<b>£419,873.20</b>

## **11. Recommendations**

The IRP recommends to Full Council:

11.1 That in accordance with the financial schedule shown in section 10 above:

- a) the Basic Allowance remain unaltered.
- b) the “anchor” for the Leader’s SRA to the median annual salary for all Full Time Equivalent workers within the Northampton Borough Council area be restored.
- c) with the exception of the Chair of the Audit Committee, the SRAs for all other positions receiving an SRA be maintained at the same percentage level of the Leader’s SRA.
- d) the SRA for the Chair of Audit Committee be increased from 20% to 25% of the Leader’s SRA.
- e) the Special Responsibility Allowance for the Chair of Standards Committee be set at 15% of the Leader’s SRA.
- f) that the index-linking of the Basic Allowance and Special Responsibility Allowances be linked to any salary increases for Northampton Borough Council Officers at grade 5 of the organisation’s Pay Scales and that such indexation continues until the next review of the IRP, or for a period of four years, whichever is the sooner.

11.2 That no change be made to the Dependants’ Carers Allowance Scheme.

11.3 That the Constitution is amended to reflect the policy that, where Councillors hold more than one position of special responsibility, only one SRA (the higher amount) may be claimed.

11.4 That the Councillors’ Travelling Allowance, Guidance for Members, draft version 4, February 2017 be approved.

11.5 That all of these recommendations take effect from the May 2017 Annual General Meeting of full Council.

**John Cade**

**Chair, Independent Remuneration Panel**