

DUDLEY MBC, SANDWELL MBC AND WOLVERHAMPTON CITY COUNCIL

MEMBERS' ALLOWANCES INDEPENDENT PANEL

1. **Introduction**

- 1.1. Following a detailed review of Members' Allowances in 2003 and a subsequent review of the effects of new liquor licensing responsibilities in 2005, we have been asked by the leaders of Dudley MBC, Sandwell MBC and Wolverhampton City Council to consider whether any fundamental changes are required to the recommendations we made in 2003.
- 1.2. In accordance with the Local Authorities Members' Allowances (England) Regulations 2003, local authorities must have regard to the recommendations of Independent Panels when setting levels of Members' Allowances and can only rely on those recommendations for a period of four years.
- 1.3. Our attention has been specifically drawn to the resource constraints faced by all three Councils in the next few years. Significant increases in allowances are unlikely, therefore, to be affordable or politically acceptable.
- 1.4. Our recommendations are unanimous.

2. **Membership of the Panel**

- 2.1. The panel was initially convened following public advertisement inviting expressions of interest, although the Membership has changed over time. The panel now comprises:-

From Dudley : Michael Beardsmore (Chairman)
 : Reverend Mike Mason

From Sandwell : Michael Holder

From Wolverhampton : Reverend John Hall-Matthews

- 2.2. We have been ably supported and advised by officers from the three Councils.

3. **Previous Recommendations**

- 3.1. As part of our 2003 Review, amongst other things, we:-
 - (a) undertook a detailed and thorough review of Member activity, including a Members' Questionnaire and follow-up interviews;
 - (b) reviewed "Member Job Descriptions" or similar statements approved by the Councils and the relative importance of the different roles and responsibilities of councillors;

- (c) had specific regard to the principles of “Public Service” – that being a councillor contains an element of voluntary public service;
- (d) considered carefully the financial implications of our recommendations.

3.2. We recommended that, with effect from 1st May 2003:-

- (i) the maximum basic allowance should be £8,000 (to include the costs of telephone and travel and subsistence in the West Midlands County Area);
- (ii) Special Responsibility Allowances (SRAs) should be paid to a number of specific positions in addition to the basic allowance, based on multiples of the basic allowance (e.g. Leaders of Councils should be paid three times the basic allowance i.e. £24,000) and as a general rule, Deputies or Vice Chairs should be paid an allowance of one third of the Chairs or Leaders allowance;
- (iii) the Basic and Special Responsibility Allowances should be varied with effect from 1st April 2004 in each year until 1st April 2007, in line with the Index for the Average Non-Manual Wage for “All Industries and Services” for the West Midlands Metropolitan County Area, as published in the New Earnings Survey;
- (iv) where Members are required to travel outside the West Midlands County Area on official business, the costs of public transport should be reimbursed or paid directly and if suitable public transport is not available, the mileage rates applicable for officers travel should be used;
- (v) membership of the Local Government Pension Scheme should be made available to all Elected Members and both Basic and Special Responsibility Allowances should be pensionable;
- (vi) where any Elected Member is required to pay a carer in order to attend official Council business, the reasonable actual costs of that care should be reimbursed up to a total annual maximum amount of 10% of the Basic Allowance;
- (vii) the Councils give consideration to including specific provisions in their Members’ Allowances Schemes covering the suspension and absence of Elected Members.

3.3. Since we made our original recommendations, we have also been asked to:-

- (a) make recommendations regarding SRAs for liquor licensing responsibilities, where we recommended an additional temporary responsibility allowance for the period April 2005 to November 2005, but did not believe there was a case for an ongoing SRA;
- (b) consider the case for allowances to co-opted members, where we recommended that, as a general principle, co-opted members should not be paid an allowance, but if Authorities want to recognise the commitment of the “statutory co-optees” to Scrutiny Committees dealing with Education matters who serve on a voluntary basis, an allowance of up to £1,000 (to include

travel and other expenses) be paid, depending on actual workloads and time commitments.

4. **Inflation Index**

- 4.1. In setting inflationary increases in Members' Allowances, local authorities can use an index for annual adjustments recommended by an Independent Panel, but cannot rely on that index for longer than a period of four years before seeking further recommendations from an independent panel.
- 4.2. As paragraph 3.2(iii) says, we originally recommended that Basic and Special Responsibility Allowances should be varied with effect from 1st April in each year until 1st April 2007 in line with changes in the average non-manual wage for "All Industries and Services" for the West Midlands Metropolitan County area as published in the New Earnings Survey.
- 4.3. This index was, however, superseded by the "Annual Survey of Hours and Earnings" in 2004 and we recommended that index should be used with effect from 1st April 2005 for future inflation increases, effectively up to April 2009 (i.e. for the four year period allowed by the Members' Allowances Regulations).
- 4.4. We understand that Dudley and Sandwell decided to link increases in Members Allowances to the agreed pay awards for NJC Local Government Services, whereas Wolverhampton continue to apply the Annual Survey of Hours and Earnings.
- 4.5. The use of published indices is potentially fraught with change and uncertainty and a more reliable measure would be to link increases to Local Government Pay Awards, and we so recommend.

5. **Current Levels of Allowances**

- 5.1. Details of the Allowances paid in each Authority with effect from 1st April 2006 are set out in the Appendix. The following table summarises some examples:-

	Dudley £	Sandwell £	Wolverhampton £
Basic Allowance	7,419	9,986	8,529
Cabinet Member SRA	5,301	14,826	17,058
Scrutiny Committee Chair	3,180	8,229	12,794
Planning/Development Control Committee Chair	5,301	8,229	17,058

- 5.2. We considered whether we should undertake a detailed review of Members' duties, responsibilities, workloads and time commitments, but were advised that was unlikely to reveal any significant differences from the exercise we carried out in 2002, either upwards or downwards in terms of the effect on allowance levels. We were also advised by the Leaders of each Council, that given resource constraints in the next few years, real terms increases in Members' Allowance levels were unlikely to be politically acceptable.

5.3. On balance, we have decided that it would not be appropriate to undertake a detailed review, but we believe the three Authorities should monitor the duties, workloads and time commitments of Elected Members and if that shows significant changes, we should be asked to undertake a further detailed review.

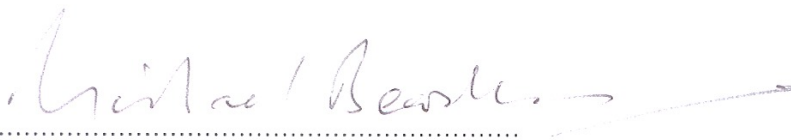
5.4. It, therefore, follows that we do not believe there should be any changes in the existing levels of Member Allowances, other than annual inflation increased linked to Local Authority staff pay increases. The other recommendations we made in 2003 and our 2005 recommendations about co-opted members are still relevant and for ease of reference, we set out our full list of recommendations in Section 6.

6. **Summary of Recommendations**

6.1. We recommend that, with effect from 1st April 2007:-

- (a) **Basic and Special Responsibility Allowances**
the levels of Basic and Special Responsibility Allowances paid by all three Local Authorities in the financial year 2007/08 should be increased by the same percentage increase as the agreed pay award for NJC Local Government Services effective from 1st April 2007;
- (b) **Inflation Increases**
the levels of Basic and Special Responsibility Allowances should be varied with effect from 1st April 2008 until 1st April 2010 in line with increases in the agreed pay award for NJC Local Government Services;
- (c) **Review of Duties, Workloads and Time Commitments**
the three Local Authorities should monitor the duties, workloads and time commitments of Elected Members and if that shows significant changes, our Panel should be asked to undertake a further detailed review;
- (d) **Multiple Allowances**
where a Member holds more than one office qualifying for a Special Responsibility Allowance, that Member should be paid the higher allowance only;
- (e) **Travel and Subsistence Outside West Midlands County Area**
 - (i) that for all travel outside the County Area, Members should be encouraged to travel by public transport, the costs of which should be reimbursed or paid directly;
 - (ii) that where public transport is not available, the mileage rates applicable for officers travel should be used;
 - (iii) that where Members are unable to take main meals in their normal place, the reasonable costs of purchasing a meal and beverage or appropriate refreshments should be reimbursed;
- (f) **Pensions for Councillors**
that membership of the LGPS be made available to all Elected Members, and both Basic and Special Responsibility Allowances should be pensionable;

- (g) Carers Allowance
that where any Elected Member is required to pay a carer in order to attend official Council business, the reasonable actual costs of that care should be reimbursed up to a total annual maximum amount of 10% of the Basic Allowance;
- (h) Co-opted Members
as a general principle, Co-opted Members should not be paid an allowance, but if Authorities want to recognise the commitment of the "statutory co-optees", to scrutiny committees dealing with Education matters, who serve on a voluntary basis, an allowance of up to £1,000 (to include travel and other expenses) be paid, depending on actual workloads and time commitments;
- (i) Absence/Suspension
that the Councils give consideration to including specific provisions in their Members Allowances Schemes covering the suspension and absence of Elected Members.



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Chairman
on behalf of the Black Country Members' Remuneration Panel

Date: 11 May 2007.....

Members' Allowances 2006/07

	Dudley	Sandwell	Wolverhampton
	£	£	£
<u>Basic Allowance</u>	7,419	9,986	8,529
<u>Special Responsibility Allowances</u>			
Leader of the Council	19,080	24,708	25,588
Deputy Leader	9,009	19,767	21,323
Executive/Cabinet Member	5,301	14,826	17,058
Planning Committee Chair	5,301	8,229	17,058
Planning Committee Vice Chair	1,857	4,944	5,629
Other Regulatory Committee Chair	3,180	Licensing 8,229	12,794
		Education Staffing 4,944	
Other Regulatory Committee Vice Chair	1,062	Licensing 4,944	4,264
Area/Town Committee Chair	3,180	8,229	-
Area/Town Committee Vice Chair	1,062	None	-
Scrutiny Committee Chair	3,180	8,229	12,794
Scrutiny Committee Vice Chair	1,062	2,064	5,629
Other Standing Committee Chair	3,180	8,229	12,794
Other Standing Committee Vice Chair	1,062	None	4,264
"Champion"	-	None	4,264
Appeal Panel Chair	3,180	Employment Appeals 4,944	4,264
Appeal Panel Vice Chair	-	Employment Appeals None	-
Majority Opposition Leader	3,180	8,229	17,058
Majority Opposition Deputy Leader	1,062	2,064	5,629
Opposition Spokesperson	3,180	None	4,264
Minority Opposition Leader	3,180	4,104	-