

## TELFORD AND WREKIN Members Allowances Independent Review Panel.

### **1. Introduction**

- 1.1 In June 2019, Telford and Wrekin Council requested the Independent Review Panel (IRP) to carry out a review of members allowances. The Panel was chaired by Steve Leach (Emeritus Professor of Local Government, De Montfort University) and included Dr Graham Wynn (local businessman and Chair of the Marches Local Enterprise Partnership) and Caro Hart (Chief Executive officer of Citizens Advice, Telford and Wrekin).
- 1.2 The Panel met on two occasions in 2019: July 15<sup>th</sup>, when it interviewed 17 council members: and on August 19<sup>th</sup>, when it discussed in private session the content of its draft report. The Panel is grateful to all the councillors who gave it the benefit of their experience and views, and to the council officers who arranged meetings and provided briefings and support.
- 1.3 The previous meeting of the Panel (same chair, different composition) was in June 2010, at a time when the coalition government's austerity programme had been announced. This Panel was asked to carry out a selective rather than a comprehensive review, primarily to make recommendations to respond to the post-2008 recession and the onset of austerity, and to focus on the structural changes introduced in the authority since 2008, when the last comprehensive review of members' allowances had taken place.
- 1.4 The 2010 Panel's view was that, in the economic circumstances of the time, no net increase in members' allowances should be recommended, a view which the council accepted (and had indeed advocated). Since 2010, no increase of any kind in members' allowances in the authority has taken place. This degree of abstinence is unusual; most councils have allocated small annual increases in members allowances which match those sanctioned by the government in relation to officers' pay, which over the period have varied between 0 and 3%. Had Telford and Wrekin followed this practice, members' allowances would have increased by around 8% between 2010 and 2019.

1.5 Over the period 2010-18 (the last year for which figures are available), there has been some variation in the calculation of the cumulative rate of inflation, depending on the criteria used. The retail price index indicates a 26% increase, average earnings 17% and the GDP inflator 14%. These three figures average out at 19%. Given that there is a further year of inflation to be added on (2018-19), the Panel felt it would be appropriate to use a figure of 20% in its calculations, which would, if anything, probably be an underestimate. The implication is that over this nine-year period the real value of members' allowances in the authority has fallen by the same figure – 20%.

## 2. Context and Analysis

2.1 In carrying out their reviews, IRPs typically adopt the following set of principles:-

\*an assumption that part, but not all, of the time commitment of councillors should be viewed as an unpaid, voluntary input, reflecting a 'public service ethos'. The appropriate proportion is typically set at 50% of total time spent. The 50% that is earmarked for remuneration should be broadly comparable with parallel positions in other public sector bodies (e.g. the NHS).

\*it is important to design the allowances system in such a way as to maximise the feasibility of as wide a range of people standing for election as possible, in order to facilitate a more representative mix of councillors (age, sex, social class, ethnicity etc). There are other considerations affecting such choices (e.g. provision for childcare or care of dependents) but the level of allowances paid is widely acknowledged to be an important factor, particularly for those in part-time work, shift work or who would otherwise face loss of earnings if they were to become a councillor.

\*although panels may wish to take into account the economic climate in which councils operate, their primary task is to make recommendations reflecting what they consider to be fair rates of remuneration for the various roles concerned. If a council does not wish to implement such recommendations (e.g. in times of austerity), that is their choice.

\* levels of remuneration in an authority should be broadly in line with those paid in comparable local authorities.

\* if a councillor holds more than one position for which a Special Responsibility Allowance (SRA) has been designated, then he or she should be eligible for only one such payment (the higher of the two).

2.2. All these principles were adopted by the Panel, although the last (only one SRA claimable) has been challenged in some recent panel reports. The Panel was particularly impressed by the fact that, in the recent (2019) election, considerable progress was made in Telford and Wrekin towards the goal of a more diverse and representative council. There are now more women and more younger members on the council than was previously the case. But there is still some way to go. The Panel was concerned to ensure that its recommendations contributed to the achievement of this goal.

2.3. In examining the evidence on the comparability principle, the Panel collected data on allowances paid in the fifteen authorities with which Telford is seen to have most common characteristics. It also accessed similar data from the West Midlands MDCs (excluding Birmingham) and the two counties to the east of Telford (Shropshire and Herefordshire: the three make up the Marches Local Enterprise Partnership area). In each case, across the whole range of allowances (Basic Allowance and SRAs), the conclusion was that those paid in Telford and Wrekin were substantially below the average, as the Table below illustrates.

**Table of Allowances paid in comparable authorities.**

	Telford and Wrekin	15 Comparator Authorities	Shropshire	Herefordshire	West Midlands <sup>^</sup> MDCs
Basic Allowance	7,870	10,188	11,514	7,423	10,450
Leader's SRA	23,768	31,440	23,028	29,692	23,806
Deputy Leader	15,898	17,332	14,392	12,990	16,457
Opposition Leader	9,837	11,119	5,757	----	7,412
Minority Party Leaders	3,664	2,238	-----	1,634	----

Cabinet Member	11,805	14,509	11,514	12,990	11,507
Scrutiny Chair	7,139	7,648	11,514	9,279	8,296
Chair of Planning	7,870	8,651	17,250*	9,279	8,596
Chair of Licensing	7,870	8,223	5,750**	5,567	7,545
Chair of Audit	7,870	6,393	5,750	5,567	6,714
Chair of Standards	3,935	5,487	-----	----	4,807

*Notes*

*\*excluding Birmingham, on account of its untypically large population size*

*\*Shropshire operates an area-based system of planning control. The three chairs each receive 5,750.*

*\*\*The licensing function in Shropshire is split between two committees, whose chairs each receive 2,875.*

2.4 Furthermore, over the period 2010-2019, when member allowances in Telford and Wrekin were at a standstill, it became clear to the Panel from the evidence it received that pressures on members' time – both at executive and constituency level – have increased significantly, as have the responsibilities attached to their roles. The main reasons are as follows:-

\*the growth in Telford's population and economic infrastructure during this period, with all the development pressures involved.

\*the challenges of managing austerity – arguably more difficult than managing in a time of financial growth, because of the painful resource allocation decisions which have to be made.

\*the increased scope and demands of partnership working – particularly for the executive – both in Telford itself, and in the wider context of the West Midlands Combined Authority, and being a member of the Marches LEP.

\*because of cutbacks in staffing at all levels, there will inevitably have been less support and advice available from the officer structure (though the quality of officer support is

widely recognised). As a result, members have had to spend more time ‘filling the gaps’ themselves (e.g. in relation to overview and scrutiny).

\*the increased use of social media has increased the pressure on councillors at both executive and constituency levels, and the time needed to respond to such communication. Many councillors told us that the expectations amongst their constituents that they would get a speedy (if not instant) response to the problems they raised meant that being a councillor felt increasingly like a 24/7 job!

2.5 For all these reasons, the Panel was clear that substantial increases in members allowances across the board in Telford and Wrekin were justified. In particular, the Panel placed emphasis on the need to encourage a more representative mix of candidates ( see 2.2 above), the need to respond to the 20% reduction in the real value of member allowances since 2010, the evidence on the increased pressures on members roles responsibilities and time commitment (see 2.4 above) and the importance of remedying the disparities between the allowances paid in Telford and Wrekin and those paid in comparable authorities. (see 2.3 above).

2.6 All the evidence is that councillors in Telford have responded positively and responsibly to these increased pressures. Members of all parties referred to ways in which they had sought to enhance public involvement in their patches, one example being the ‘ward walkabouts’ The importance of the role of councillors and the responsibilities they exercise should not be underestimated, particularly at a time of austerity, and when there are formidable challenges in dealing with child safeguarding, and social care. Councillors are responsible for managing a multi-million-pound enterprise. Levels of remuneration are derisory compared with those received in the private sector. The Panel’s view is that this is the right time to acknowledge the value of the roles they play and to update and upgrade the allowances system accordingly.

2.7 The starting point for the Panel in framing its recommendations was that at the very least, the 20% fall in value of councillors’ allowances since 2010 should be fully restored ( a minimum increase would be 8%, to retain parity with the increase in offices pay since 2010, although the Panel felt that this would be an inappropriately limited response). As it happens, a 20% increase would also bring Telford and Wrekin closer to the average value of allowances paid in comparable authorities. In principle, there is a case for a higher level of

increase to respond to the increased responsibilities which have faced councillors at all levels since 2010 (see 2.4 above ) but the Panel felt that, until there is an end to austerity, to recommend increases of more than 20% would risk public misunderstanding and opposition.

2.8 Although a 20% increase is the baseline, the Panel felt that in some cases, an increase of more than 20% was justified, and in others an increase of less than 20%. Also, it heard evidence that since 2010, there were some positions to which SRAs were attached where the responsibilities involved in the post had clearly diminished, whilst other positions created since 2010 merited an SRA which had not to date been allocated. The Panel, in these circumstances, felt it was right to vary the level of increase recommended, within an overall 20% guideline.

### **3. Recommendations**

#### The Basic Allowance

3.1 The current basic allowance in Telford and Wrekin is set at £7,870. Applying the 20% increase figure would increase it to £9,444, which is the Panel's recommendation. This change would move the basic allowance closer to the mean (10,188) in Telford's 15 comparator authorities.

#### Leader and Cabinet

3.2 Applying the same 20% increase criterion would result in the Council Leader's SRA being increased from £23, 678 to £27,704 and the Deputy Leader's SRA from £15,898 to £19 067. But the Panel was aware that the Deputy Leader's SRA was much closer to the mean (8% below) than was the Leader's (25% below). Although the challenges facing the local authority leadership group (see 2.4 above) has affected all its members, some of those challenges were likely to have fallen on the shoulders of the council leader him (or her) self, particularly the demands associated with Telford's membership of the West Midlands Combined Authority. For both these reasons, the Panel felt it to be appropriate that the allocation of the increases in the SRAs for these two positions should be weighted in favour of the leader, on a two -thirds/one third basis. This would result in the leader's SRA being increased by £5,295 from £23,768 to £29,063, and the deputy leader's SRA by £2,648, from £15,898 to £18,647. These are the Panel's recommendations.

3.3. A similar argument was made to the Panel that it should recommend differential increases amongst the other members of the cabinet. Although all the portfolios involve significant responsibilities, with their associated vulnerabilities, it was argued that three of the portfolios: ‘Finance, Commercial Services and the Borough Economy’, ‘Children, Young People and Education’ and ‘Health and Social Care’ are at the present time particularly stressful and demanding roles (consider for example the pressures involved in the responsibility for vulnerable young people, dealing with the growing demand for social care in the borough on a budget that can’t keep pace with it, and the difficulties of recommending cuts to valued services at a time of austerity). The Panel considered that there was substance in this argument, but that to recommend a differential increase amongst cabinet members, it would need more detailed evidence regarding the time commitments and scope of responsibilities involved in the different cabinet posts. As a result, the recommendation of the Panel is that the SRA for all other cabinet posts should be increased by 20% from £11,805 to £14,166.

#### Opposition and minority party leaders

3.4 The Panel’s recommendation is that the SRA of the principal opposition leader be raised by 20% from £9,837 to £11,804, and that of the leader of any minority party with a membership of four or more (7.5% of council membership) be raised on the same basis from £3,664 to £4,397.

#### The Overview and Scrutiny function

3.5 Overview and scrutiny plays a crucial role as a democratic ‘checks and balance’ mechanism at a time when decision-making power has been concentrated within the cabinet. It is important that its contribution is recognised in the allowances system. In 2010, when the last IRP exercise took place, the arrangements for overview and scrutiny were in a state of transition, with the role of the Scrutiny Management Board (then the Scrutiny Commission) in the process of being allocated a much more limited role than it had previously enjoyed. Following the May 2019 election, the new administration has revived the strategic and coordinative roles of the Management Board. In these circumstances, the Panel felt it was appropriate to reinstate the SRA for the chair of the Management Board, at

a higher level than that for the chairs of the five separate scrutiny panels, currently set at £7,139.

3.6 However it would appear the council has not responded to the concerns expressed in para 2.11 of the Panel's 2010 report, which noted that all the chairs of scrutiny panels were to be allocated to members of the majority party and added 'this arrangement, although not unique, is now unusual and is not regarded as 'best practice' .....the Panel was concerned that the crucial role of 'holding the executive to account' could (in these circumstances) be adversely affected'. This still appears to be the situation.

3.7 It is also the case that, unlike most other SRAs, those attached to chairs of scrutiny panels in Telford and Wrekin are close to the mean value of SRAs in such positions for the authority's 15 comparator authorities. For both these reasons, the Panel felt it would not be appropriate to apply the 20% increase to SRAs for chairs of scrutiny panels, as to do so would result in their ending up 10% above this mean value. The Panel's view is that an increase of 10% should be recommended for these positions, raising the SRAs from £7,139 to £7,843, which is close to the mean comparator value. However, to recognise the higher profile now given to the chair of the Scrutiny Management Board, the panel recommends that for this position, the 20% criterion should be applied, which would result in an SRA of £8,557.

#### Regulatory and Governance Committees

3.8 There are in Telford and Wrekin, as elsewhere, a number of regulatory and other committees, some of which have SRAs assigned to them under the current scheme, others of which do not. Of the two regulatory committees, the Panel was left in no doubt as to the high levels of time commitment and responsibility involved in the work of the Planning Committee, heightened by the amount of new development taking place in the council's area. The 20% criterion should, it felt, certainly be applied in this instance; the Panel's recommendation is that this SRA should be increased from £7,870 to £9,444.

3.9 Although a view was expressed to the Panel that the workload and responsibilities of the Licensing Committee were not commensurate with those of the Planning Committee, the Panel again felt it would need more substantive evidence if it were to differentiate between

the two positions. As a result, the Panel's recommendation is that the SRA for the Chair of Licensing should also be increased from £7,870 to £9,444.

3.10 With regard to the role of the Audit Committee, the Panel was informed that its range of responsibilities had significantly reduced in recent years In this case, the Panel felt that a status quo recommendation was appropriate, which means that the reduction in workload is reflected in the de facto reduction implied by not compensating for inflation over the 2010-2019 period. There may be a case that a further reduction in SRAs for this position could be justified, but the Panel would need more detailed evidence of the changes in workload involved to move in this direction.

3.11 There are three other positions to which SRAs have been allocated in Telford - the Chair of Standards, the Chair of Appeals and the Speaker. An SRA for the Speaker was not recommended in the Panel's 2010 report but has since been reintroduced at its former level of £2,606. The evidence presented to the Panel argued that this position did indeed play a valuable role in the planning and smooth-running of council business, and was felt to justify a relatively modest SRA. The SRA for the Chair of Standards was reduced in 2010 to £3,935, and the current Panel saw no reason to reverse that change. The chair of Appeals currently receives an SRA of £2,361. No arguments were presented to the Panel that this figure should be increased; indeed, there was a view that it should be discontinued. Again, the Panel would need more detailed evidence if it were to recommend this proposal. If, in any municipal year, it was to transpire that no meetings were required of either or both of the Appeals and Standards Committees, then the SRA should not be paid.

3.12 There are three other committees in Telford whose chairs do not currently receive an SRA – the Council Constitution Committee, the Boundary Review Committee and the Personnel Committee. The same is true of the chair of the Health and Well-Being Board. No representations were received by the Panel that chair of the Council Constitution Committee should be allocated an SRA, so no such recommendation has been made. It is understood that the council leader chairs the Personnel Committee as and when it meets. Whilst this remains the practice, there is no case for allocating an SRA for this role. The Panel learned that there was a significant workload involved (and planned) in the Boundary Review Committee, with a parish boundary review scheduled within the next year. The Panel was of the view that a (relatively modest) SRA was appropriate for the chair of this committee.

3.13 The Health and Well-Being Board is an increasingly important and influential element in Telford's decision-making structure, bringing together as it does the key partners and stakeholders concerned with this wide-ranging agenda. Currently, the Board is chaired by the cabinet member for social care and health (who would not be able to claim the SRA for this role, if one were made available), but this is not a requirement, and if the Board were to be chaired by another councillor, the Panel was clear that the payment of an SRA would be justifiable. This is the practice in an increasing number of authorities (although by no means all).

3.14 The Panel then had to make judgements as to the levels of responsibility involved for those committee (or board) chairs, where it felt that an SRA payment was justified. On the basis of the evidence presented to it, it concluded that the responsibilities of the Health and Well-Being Board were broadly equivalent to (although different from) those held by the chairs of the Licensing and Audit Committee and would recommend an equivalent SRA (£7,870) for this position. The chairs of the Boundary Review and Standards Committees it felt should be pitched at half this figure – that of £3,935 currently allocated to chair of Standards. The SRAs of the Speaker and the chair of the Appeals Committee should be set at the current level allocated to the former, plus 10%, which comes to £2,867.

3.16 There are several co-optee positions included in the membership of committees and panels in Telford and Wrekin, for which an SRA of £260 per annum is currently payable. It would be consistent that this SRA should also be increased by 20% to £312 per annum, which is the Panel's recommendation

3.16 The various recommendations discussed and set out in this section are listed in summary form in Section 5 of this report, together with the Panel's other recommendations, which are discussed below

#### **4. Other Issues and Recommendations**

4.1 There were a range of other remuneration and allowances issues which the Panel was asked to consider. These include the allowances for the mayor and deputy mayor: the criterion that should be used for the annual updating of members allowances: the level at

which allowances for child care and dependent adult carers allowances should be set: the provision that should be made for councillors eligible for maternity or paternity leave: and the case for backdating the allowances recommended by the panel to May 2019.

4.2 Technically, the allowances paid to the mayor and deputy mayor do not form part of the formal schedule of allowances; they are considered separately and specified at the discretion of the council itself. The only point the Panel would wish to make is that, having heard from previous incumbents of these roles that their allowances did not cover the expenses incurred, it was clear that this discrepancy needs attention. If it is actually costing council members who take on this role (i.e. that the allowances paid do not cover requisite expenditure), then the implication is that councillors who might be eligible for these roles and would perform them admirably may be dissuaded from taking them on, if they are on low incomes and feel they could not afford the expenditure involved. The Panel recommends that the council undertake a review of the actual expenditure involved in carrying out the duties of mayor and deputy mayor and pitches the level of allowances accordingly. If necessary, the allowance could be regulated flexibly by using receipts to determine actual, as opposed to assumed expenditure. The aim should be that neither mayor nor deputy mayor should be out-of-pocket at the end of his or her term of office.

4.3 Since the onset of austerity in 2010, the government has each year specified the maximum allowable percentage increase in salary for local government officers. Almost all authorities have adopted this level of increase as the criterion for annual updates of members allowances. The Panel recommends that this criterion – parity with the percentage increase in the NJC scale officers award – should be used in Telford, until such time as the government has ceased to specify annual permissible levels of officer salary increase, in which case an index based on changes in annual cost of living should be deployed.

4.4 As a contribution to the aim of encouraging as wide a diversity of candidates for election as possible, the Panel recommends that the hourly living wage should be used as the basis for claims for childcare and dependent adult carers' allowances. The council may wish to regulate such claims by requiring the production of receipts. But the Panel felt that a degree of flexibility should be encouraged here. If a councillor was a de facto dependent carer, and needed more extensive coverage, when engaged on council business than would normally

be the case, then they should be able to make a special case to the council and expect a sympathetic response.

4.5 The Panel was asked to consider what provision should be made for maternity and paternity leave. It studied a Labour Party document entitled 'Parental Leave Policy for Councils' and concluded that this document provided helpful and appropriate guidance, and recommends its adoption as council policy, as part of the Allowances Scheme. One important element in this guidance is that if a member is required to replace a member on maternity or paternity leave in a position which qualifies for an SRA, for a significant period of time (3-12 months) then the replacement councillor should be paid the relevant SRA, proportionally to the time they hold the position concerned. At the same time, the relevant SRA should continue to be paid in full to the councillor on maternity or paternity leave.

4.6 If the council wished to backdate the allowances recommended by the Panel to May 2019, when the local election took place, this would be acceptable to the Panel. Other alternatives would be to introduce the new schedule in September 2019, following the council meeting of that month, or to introduce it at the start of the 2020-21 municipal year.

4.7 No representations were made to the Panel regarding travel, subsistence or other expenses for councillors. As a result, no changes are proposed by the Panel.

### **Summary of Recommendations**

- (1) The Basic Allowance should be increased from £7,870 to £9,444
- (2) The SRA for the Leader of the Council should be increased from £23,768 to £29,603.
- (3) The SRA for the Deputy Leader should be increased from £15,898 to £18,647.
- (4) The SRAs for all other members of the cabinet should be increased from £11,805 to £14,166
- (5) The SRA for the Leader of the Opposition should be increased from £9,837 to £11,804.
- (6) The SRA for the Leaders of other minority parties should be increased from £3,664 to £4,397, for party groups of four or more.
- (7) The SRA for the Chair of the Scrutiny Management Board should be set at £8,557.
- (8) The SRAs for the Chairs of the Scrutiny Panels should be increased from £7,139 to £7,843.

- (9) The SRA for the Chairs of the Planning and Licensing Committees should be increased from £7,870 to £9,444.
- (10) The SRA for the Chair of the Audit Committee should remain at £7,870.
- (11) The SRA for the Chair of the Health and Well-Being Board should be set at £7,870
- (12) The SRAs for the Chairs of the Standards Committee and the Boundary Review Committee should be set at £3,935.
- (13) The SRAs for the Chair of the Appeals Committee and the role of Speaker should be set at £2,867.
- (14) The SRA paid to co-optees on council committees and panels should be increased from £260 to £312.
- (15) The allowances paid to the mayor and deputy mayor should be reviewed by the council and set at a level which ensures that neither should be out-of-pocket in carrying out their duties.
- (16) The criterion used in the annual updating of members allowances should be equivalence with the pay award permitted by the government to officers. As and when such restrictions cease, a criterion based on annual cost-of-living increases.
- (17) The hourly maximum Carers Allowance and Dependent Adult Carers Allowance payable should be set at the level of the living wage (currently £9). In exceptional circumstances it should be possible for a councillor to make a special case to the council and expect a sympathetic response.
- (18) The document 'Parental Leave Policy for Councils' should be adopted as council policy and form part of the Allowances Scheme. .
- (19) The Panel would support a decision on the part of the Council to backdate any changes in allowances agreed at the September Council meeting to the start of the 2019-20 municipal year.
- (20) If a member qualifies for more than one SRA by virtue of positions held, he or she should only be paid one such allowance (the higher)

In conclusion, it should be pointed out that the overall cost to the council of the proposals made by the Panel would be close to £123,000, an increase of 20% on the current allowances figure. The new total allowances figure represents .175% of the council's total revenue budget, in the Panel's view a perfectly acceptable 'cost of democracy'. In the interviews with councillors, a clear pattern emerged of the time commitment put in by councillors of various categories. Those operating at cabinet level argued that it was close to

the equivalent of a full-time job – 30-35 hours per week. Those not holding positions of responsibility typically claimed that they spent 20-25 hours a week on council business. If the principle that councillors should be expected to give half their time commitment on a voluntary basis, and be remunerated for the other half, then the hourly rate they would receive if the Panel’s proposals were to be implemented would work out at £16 for the former and £28 for the latter, arguably meagre reward for the importance of the work they do. To re-iterate the point made above (2.4) ‘Councillors are responsible for running a multi-million-pound enterprise. In the Panel’s view this is the right time to acknowledge the value of the roles they play, and to update and upgrade the allowances they receive’.