

KETTERING BOROUGH COUNCIL
REVIEW OF MEMBERS ALLOWANCES 2018
REPORT OF THE INDEPENDENT REVIEW PANEL

Introduction

- 1.1. Early in 2018, the Kettering Independent Members Allowances Review Panel (IRP) was re-convened at the request of the council. Its membership comprises Steve Leach (Emeritus Professor of Local Government at De Montfort University, Leicester), who chairs the Panel, Sue Watts (Business Development Director of Northamptonshire Age UK) and Danny Cannon (Kettering Multi-Faith Council, and a retired local businessman).
- 1.2. The Panel held a meeting on February 16th at the Borough Council Offices. It heard verbal evidence from six councillors, including the council leader and his deputy, and two opposition members, and received written evidence from two others. It benefitted from a briefing from two executive directors, and it studied carefully the contents of the briefing pack provided by the council, all of which proved very helpful. It is grateful to the democratic services staff who organised the meeting and provided support.
- 1.3. The briefing pack (para 3.4) made it clear that, although the council would need to take account of the financial climate in which it currently operated in considering the Panel's recommendations, it wanted to the Panel to 'consider a scheme only against the objectives of the review'. In listening to the evidence presented to it, however, the Panel was made aware of the strong feelings which existed amongst members concerning the inappropriateness of the council agreeing any significant increase in the members' allowances budget, in the current climate of financial austerity which it faced. In these circumstances, the Panel felt it appropriate to take account of this view in its deliberations. There would be little point in it submitting a series of recommendations which it was clear would not be agreed, although there would be value in setting out some longer-term recommendations, when the financial climate improves.
- 1.4. The Panel felt that the principles underlying the members' allowances scheme (first set out in the 2003 report) remained relevant, particularly the importance of ensuring that as wide a range of candidates as possible should be encouraged to stand for election, in the hope of making council membership more representative in terms of its age, sex, and ethnic profile. It acknowledged, however, that there was only limited for achieving this desirable objective in the current financial circumstances.

The Basic Allowance

- 2.1. The Basic Allowance in Kettering currently stands at £5,394. This is on average 12% higher than that of other Northamptonshire districts, with the exception of Northampton Borough Council (£6,400). Since the Panel's last report (2012), it has been increased each year in line with the officer pay award imposed by the government, as recommended in the Panel's report. This award has varied from 0% to 2% over the past five years. It is likely to be set at 2% for 2018-19.

- 2.2. Given that one of the principles underlying the review is that allowances should be broadly consistent with those of comparable authorities (in this case, other Northamptonshire districts and those in adjacent counties), the Panel would not be seeking to recommend an increase in the basic allowance, beyond the 2% parity with the officer award. Ideally it would want to ensure that the real value of the basic allowance was at least maintained over any given time- period, which has certainly not been the case over 2012-17. To implement this shortfall at this particular time would not be appropriate, but it is an issue which should be addressed with the constraints on officer remuneration are finally lifted.
- 2.3. Some of those interviewed by the panel argued that there should be no increase at all in the basic allowance, i.e. that the 2% officer parity criterion should not be applied. They felt that as council tax in Kettering had been frozen for the past few years, an increase in member allowances could not be justified. However, the Panel feels that it is important to maintain the parity principle, for reasons of fairness and consistency, although the council is of course entitled to opt for a zero increase if it so wishes.
- 2.4. A 2% increase the current basic allowance would raise it to £5,502. The net impact of a 2% increase in the total members' allowances budget (which we estimated at around £290,000) would be an additional sum of £5,800. However, in the event of the council supporting a zero increase in the basic allowance, it would still be possible to allocate additional resources to the Ward Initiatives Fund. Technically, the Ward Initiatives Fund should not be included in the Members Allowances scheme, which covers the Basic Allowance and Special Responsibility Allowances only. It is not a payment from which councillors benefit personally, but rather one which they distribute to support projects which benefit local communities. The Panel found that there was a good deal of member enthusiasm for this initiative, and several members, including those who favoured a zero increase in the Members Allowances budget, advocated that the allocations in the scheme should be increased. This issue is explored further in Section 4.

Special Responsibility Allowances

- 3.1. Some of the same arguments that apply to the Basic Allowance are relevant to SRAs. No-one was advocating any increase in SRAs (with one exception), which went beyond the application of the 2% officer parity increase. Those who argued for a zero increase in the basic allowance applied the same argument to SRAs. Whilst a case in principle can be made that SRAs, like the basic allowance, should be increased to a level which retained its real 2012 value, the Panel agreed that this was not the right time to recommend this change. In any case, with the exception noted in 3.2 below, no arguments for change were presented to the Panel.
- 3.2. The one argument for a substantive SRA increase was made in respect of the chair of the Licensing Committee. It was argued that the level of responsibility involved in this role was equivalent to that of the chair of the Planning Committee, and that there should therefore be parity in the SRAs allocated.

The Panel, whilst acknowledging the importance of the regulatory responsibilities in Licensing, and the expertise (and training) necessary to carry it out effectively, felt that the same arguments were even more relevant to development control. The current SRA for the Licensing chair-£4,000- is already significantly higher than those in comparable authorities. And in all other examples known to the panel, the chair of Planning receives a higher SRA than the chair of Licensing.

- 3.3. What it was possible for the Panel to consider, however, was the case for the redistribution of SRAs, within the existing financial envelope. In particular, arguments were made that in the current difficult financial circumstances facing the council, and, having regard to the substantial investment programme the council was undertaking, the level of responsibility (and time commitment) involved in handling the finance portfolio had increased significantly. The Panel accepted the substance of these arguments, and felt that they could be responded to by introducing parity in the SRAs of deputy leader and executive member for Finance. This would involve reducing the former to £7,363 and increasing the latter to the same level. This recommendation implies no criticism of the contribution of the deputy leader, who remains a key member of the leadership triumvirate. But his portfolio- leisure and recreation- important though it is, is arguably not as crucial to the performance of the council as that of finance; and the deputy leader position is currently much better-remunerated in Kettering than it is in other comparable authorities.
- 3.4. The Panel received no representations from executive members other than the triumvirate. There is a wider range in the SRAs allocated within the Kettering executive than in most comparable authorities; the Panel assumed that this was a consequence of the two-tier approach to executive responsibilities in the council, whereby emphasis was placed on the role of the triumvirate. In the absence of any expressed concerns about this arrangement, the Panel assumed it was generally accepted.
- 3.5. If, within the executive, there was a view that a different allocation of SRAs to that proposed by the Panel was a fairer reflection of responsibilities and workloads, then the Panel would not object to an alternative proposal, within the limits of the current overall executive budget, given that executive members will have a much better appreciation of the internal workings of the executive than the Panel could hope to acquire.
- 3.5. No evidence was received from the independent members of the Standards Committee, and hence the Panel did not feel it was in a position to recommend any changes in existing levels, which are broadly in line with SRAs paid in other authorities. It was felt, however, that these allowances should not be paid in any municipal year in which where the Standards committee was not required to meet.
- 3.6. The Panel considered, as requested, whether the existing provision that member could claim only one SRA, in a situation where they held two posts which were eligible for such payments. Although this is common practice elsewhere, it is difficult to justify logically. If a member is carrying out two

positions which justify an SRA, why should they not receive remuneration for both- the 'rates for the jobs'? The danger would be if, as a result of relaxing the current rule, any member was in a position to receive a total SRA payment which was greater than that of the leader. This would not be an acceptable outcome. In the Panel's view, the best way forward would be to permit the claiming of two SRAs, but to limit the second to 50% of the specified level. Thus, for example, a member of the executive who was also chair of the Licensing Committee could claim his or her full SRA relating to executive membership, and half (£2,000) of the Licensing Committee SRA.

The Ward Initiatives Fund

- 4.1. This initiative, which has a long history in Kettering, is greatly-valued by members, and rightly-so. It is one of the few working examples of 'localism' that the Panel has come across. It is used by some councillors more than others, and is not the easiest of schemes for the monitoring officer to regulate, but it has considerable value in terms of community development, and in strengthening local councillors' links with the communities they serve.
- 4.2. Several of those who made representations argued that the funding available for the Ward Initiative should be increased. The current annual allocation made in this scheme is £625 to each councillor. Individual members are permitted to pool their resources, if they feel that a scheme would benefit the residents of more than one ward. The Panel's recommendation is that this figure should be increased by just over 50% to £1,000. The total cost of this increase would be £13,500.
- 4.3. As noted in 2.4 above, the allocations to councillors as part of the Ward initiative scheme are separate from the members' allowances system. Hence, if the council were to accept the Panel's recommendation to increase expenditure on the scheme by £13, 500, it would not count against the allowances budget. The beneficiaries of the scheme are local residents, not local councillors. The Panel reiterates its recommendation (2.3 above) that the 2% increase awarded to officers should also be applied to members' allowances stands, and should be seen as separate from the recommendation to increase the Ward Initiatives budget. But if the council decides to adopt a zero increase in the allowances budget, the Panel recommends that it goes ahead with the proposed Ward Initiatives budget increase.
- 4.4 There are two ways in which the additional funding proposed could be distributed. First, it could be allocated to individual councillors, in line with current practice. Their annual allocation would be increased to £1,000, but this sum would incorporate the existing provisions for rolling forward any unspent allocation into the following financial year. Alternatively, the additional resources proposed could be held centrally, and be made open to bids from any councillor or group of councillors who wished to finance a scheme that could not be funded from their personal allocation. The first option would be the simpler to administer. The second would have the advantage of providing further opportunities for those councillors who were eager to make full use of

the scheme for the benefit of their local communities (it is clear from the evidence that some members make more use of the scheme than others).

- 4.5. The Panel has a preference for the second option, but would not object if the first were to be chosen. It considered that it would be desirable that as a high a proportion of the four-year budget as possible should be spent. To this end, it would recommend greater publicity amongst residents regarding the opportunities provided by the scheme. There should also be introduced a provision which requires any resources held by individual councillors which have not been spent by the October of the fourth year of the scheme, and for which no firm proposals for expenditure existed, to be transferred to a communal pot, open to bids from any councillor(s).

Other Issues

- 5.1. The Panel was asked to give its views on a number of other issues, as set out in the briefing pack, not all of which are issues germane to the Members Allowances scheme per se. These include the allowances paid to the mayor and deputy mayor: the childcare and dependent carers' allowances: travel allowances: provision for IT: and the Disclosure and Barring Service (DBS), in so far as it applies to councillors.
- 5.2. On this occasion, the Panel received no representations from mayors or deputy mayors, past, present or future. In these circumstances, it lacks the information which might influence it to recommend any change, beyond the application of the recommended 2% up-rating. It noted, however that the recommendation for increased mayor and deputy mayoral allowances in its 2012 report had been implemented, and these allowances now compared favourably with those in other Northamptonshire districts (Wellingborough excepted!).
- 5.3. The current position regarding childcare and dependent carers' allowances is that they should be reimbursed at cost. Whilst the Panel has no major objection to this practice; it is much more common for a ceiling to be imposed on the hourly rate to be paid to carers. To bring Kettering into line with standard practice, it is recommended that a maximum hourly rate of £10 for the childcare allowance and £20 for the dependent carers' allowance should be introduced, but that there should be flexibility to exceed these sums if the circumstances were felt to justify this.
- 5.4. Current mileage and subsistence allowances are in line with standard practice, and do not require any change.
- 5.5. No views were expressed to the Panel about the adequacy or otherwise of the current level of payment (£137) made in respect of members use of their own personal IT systems; hence it is not in a position to recommend any change.
- 5.6 As regards the DBS checks and regulations, the Panel's view was that these were only required for councillors whose work brought them into contact with young people or other vulnerable categories of individual. Where they were

needed, the costs should be covered by the council. DBS is not a matter which needs to be included in the members' allowances scheme.

- 5.7 The Panel reiterates its view that the criterion used for the up-dating of members allowances should, in the current circumstances, be parity with the annual financial award received by officers. When it proves possible, this criterion should be replaced by a cost-of-living related index.
- 5.8. There little scope, in the current financial circumstances, for introducing measures that would facilitate the attraction of a wider range of candidates at council elections, even though everyone agreed that this was a desirable objective. At its next meeting, the Panel hopes there will be more scope for focusing on this objective, not least by ensuring that the real value of the basic (and other) allowances be restored. One councillor suggested that special provision should be made to supplement the basic allowance for those in full-time work who currently found it difficult (or impossible) to combine their paid employment with council membership, despite wishing to do so. The Panel was sympathetic to this view, whilst recognising that it was not achievable under current regulations.

Summary of Recommendations

- (1) The Basic Allowance should be increased in line with pay award made to officers (2%, subject to confirmation) raising it from £5,394 to £5,502.
- (2) The same criterion should be adopted for future annual up-ratings of the Basic Allowance and of Special Responsibility Allowances (SRAs), until such time as government limits on officer pay cease to be imposed.
- (3) All SRAs should be increased by 2% (see Table 1 below) with two exceptions. The SRAs allocated to the positions of Deputy Leader and Executive Member for Finance should be equalized, with an SRA of £7,363 (plus the 2% up-rating) applying in each case.
- (4) If the Council was of the view that a different distribution of SRAs within the executive was a fairer reflection of the responsibilities involved, the Panel would have no objection to a proposal of this nature, provide it involved no increase in the current total of SRAs allocated to executive positions.
- (5) The provision that only one SRA should be payable to any one member should be revised in a way which enabled a member to receive 50% of the second SRA for which he or she was eligible.
- (6) The annual allocation to council members from the Ward Initiatives Fund should be increase from £625 per annum to £1,000 per annum. The current practice of permitting members to allocate the total 4-yearly allocation (currently £2,500) at any time during the 4-year period concerned should be continued.

Item 8 – Appendix A

- (7) The council should consider an option whereby the additional resources proposed (£13,536) should be pooled and distributed in response to proposals from any councillor or group of councillors, to enable a wider range of schemes to be implemented.
- (8) The proposed increase in the Ward Initiatives Fund is not technically part of the Members Allowances scheme, and should be implemented whatever the council decides in relation to recommendations (1) - (3) above.
- (9) The allowances paid to the mayor and deputy mayor should remain unchanged, but should be up-rated annually in line with other allowances
- (10) The childcare allowance should be set at £10 per hour maximum, and the dependent carers allowance at £ 20 per hour maximum, with the capacity for flexibility in the case of special circumstances.
- (11) Subsistence and travel allowances (including mileage rates) should remain unchanged.
- (12) DBS checks should be introduced only for those councillors whose responsibilities bring them into regular contact with children or other vulnerable groups. The costs should be met by the council.

Table One

Proposed amended Special Responsibility Allowances

Leader of the Council	£13,664
Deputy Leader of the Council	£7,510
Executive member for Finance	£7,510
Executive members (excluding the above)	£4,800
Leader of the Opposition	£6,733
Deputy Leader of the Opposition	£1,497
Chair of Planning Committee	£5,442
Chair of Licensing Committee	£4,081
Standards Committee members	£666
Mayor's Allowance	£7,809
Deputy Mayor's Allowance	£1,482