

**A Review of the Isle of Wight Council
Members' Allowances Scheme**

Eighth Report of the Independent Remuneration Panel

December 2010

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FOREWORD

This is the eighth Report of the Isle of Wight Independent Remuneration Panel. In carrying out its investigation, the Panel wishes to thank those Councillors and co-opted members who provided their views. We also wish to acknowledge the administrative and technical support given to us by the Head and Staff of Democratic Services in undertaking this work.

*Professor David Farnham
Chair, Isle of Wight Independent Remuneration Panel
December 2010*

EXECUTIVE SUMMARY

1. The Independent Remuneration Panel has undertaken a review of the Members' Allowances Scheme in the light of the prevailing economic circumstances, taking account of any anomalies in the Scheme or any unintended consequences of its [report](#) dated December 2009.
2. As a result of this review the Panel recommends that:
 - a) No changes are currently required to the Members' Allowance Scheme.
 - b) Members who are unable to receive an Orange signal at their home should be given the option to take a one-off annual payment (subject to tax and NI as appropriate) equivalent to the average cost of providing a basic mobile phone (currently £138 for a non-Cabinet member).
 - c) An annual review of the Scheme should take place in 2011 in time for the 2012/13 budget unless an amendment of the member structure necessitates an earlier review.

INTRODUCTION AND BACKGROUND TO THE REVIEW

Introduction

3. This is the eighth Report from the Independent Remuneration Panel, the previous ones having been considered by Council in 2001, 2003, 2004, two in 2006, one in early 2009 and the most recent one in January 2010. The first two reports were chaired by Dr Declan Hall and the others by Professor David Farnham.
4. The membership of the Panel has changed on four occasions and the current members are:

Professor David Farnham – Chair
Mr Brian Herbert
Mr Peter Savory
One Vacancy
5. Under the Local Authorities (Members' Allowances) (England) Regulations 2003 and subsequent amendments to these regulations (SI 1022 and SI 1692), all authorities have to establish an Independent Remuneration Panel to make recommendations to the Council on Members' allowances. The Council needs to have regard to the recommendations of the Panel but can substitute its own decisions. It is crucial to recognise this, as the existing Members' Allowances Scheme (as set out in the Council's Constitution) has been developed

over the last nine years, with not all the recommendations of previous Panels having been adopted.

Background

6. The last review undertaken by the Panel (as detailed in its seventh report) looked at all aspects of the Members' Allowances Scheme and the Panel's recommendations were accepted in full by the Council on 13 January 2010. In agreeing the recommendations the Council requested that the Independent Remuneration Panel should review the Scheme in a year's time in the light of the prevailing economic circumstances, taking account of any anomalies in the Scheme or any unintended consequences of the report.

Methodology

7. The Panel began its review of the Members Allowances Scheme in September 2010. The Panel agreed at an early stage that, in the prevailing economic circumstances, it was unlikely that it would feel it appropriate to agree any across the board increases in allowances. However, the Panel was keen to hear the views of the members and other recipients of the allowances under the existing scheme about how the amended scheme was working and whether there might be any other proposals that the Panel should address.
8. The Panel sent a questionnaire (Appendix 1) to all existing members and to the co-opted members of the Children & Young People Scrutiny Panel and the Ethical Standards Committee.

THE PANEL'S DELIBERATIONS AND ANALYSIS

9. Eight completed questionnaires were returned and four further responses were received by telephone or email. The Panel was surprised at the low response rate.
10. An anonymised compilation of the responses received is shown at Appendix 2. Six respondents stated that they did not consider the allowance scheme should be changed at this time and one member stated that they did not wish to contribute to the review process.
11. Specific issues raised by respondents are set out below together with the views of the Panel on each one:
 - a) *Inadequacy of the Basic Allowance to fund costs associated with undertaking ward work.*

The Panel noted that this issue was raised by the same member last year and the Panel had met the member concerned at the time to hear his views. The Panel understood that members no

longer received support for their ward work, only Council-related work, and it was for this reason that Cabinet members received a higher level of support. The Basic Allowance was set at a level which the Panel believed took into account members' costs. However, as individual members all had their own views on how to conduct their ward work, it was inevitable that such costs would also vary between members.

The Panel noted that it was the Council's practice to offer all members either a Blackberry or a basic mobile phone and a laptop computer. Although the respondee had accepted a laptop computer, he was unable to use the mobile phone offered him due to lack of Orange cover in his area. He believed that he was disadvantaged due to the need to make all his calls on his own private line. The Panel was advised that the average cost to the Council of providing a basic mobile phone to a non-Cabinet member was £138 a year. The Panel was of the view that the current system of offering members a Blackberry or a mobile and laptop computer should continue. However, members who were unable to receive an Orange signal at their home should also be given the option to take a one-off annual payment equivalent to the average cost of providing a basic mobile phone. This would not incur any additional administrative charges and would be subject to tax and NI as appropriate.

The Panel did not believe it was appropriate to means test allowances, which the respondee proposed.

The Cabinet system of governance was not within the Panel's power to change and the member's comments regarding all councillors taking a more active role in formulating policy was not an issue on which the Panel could comment.

- b) *Failure of the Basic Allowance to recognise the differing amounts of work undertaken (including meetings attended) by various Members.*

The members' "value for money" issue had been considered by the Panel last year. The Panel had agreed that its role was to set the allowance framework, not to suggest performance management techniques. Ultimately the electorate would judge the quality of a councillor's work.

The Panel noted that, whilst members were asked to write an annual report, there was no mandatory obligation and regrettably not all councillors had done so.

A respondee had expressed the view that non-Cabinet members should take a more active role in formulating policy. However, the Cabinet system of governance was not within the Panel's power

to change and was not an issue on which the Panel could comment.

- c) *Size of the Cabinet members' SRA (one response stated that this was too low and another that it was too high).*

The Panel recognised that Cabinet members' workload was heavy but noted that no current Cabinet members had suggested a review of the current allowance. The Panel had carefully considered this issue in its previous review and no new evidence had been presented which indicated a review was appropriate for this report.

- d) *Possibility of having a fixed budget for Cabinet members' allowances, to be divided (on role or equally) between Cabinet members, regardless of the number of members.*

In its last report the Panel had acknowledged the differing size of Cabinet members' responsibilities and an additional Cabinet post had subsequently been created to help address this. The Panel had set a framework for the calculation of Cabinet members' SRAs and the financial management of the budget was not within its remit.

- e) *Excessive SRA for Scrutiny chairs in the light of the work and level of responsibility involved.*

As set out in their last report the Panel recognised that there was a considerable gap between the workload of Cabinet members and scrutiny chairs, and the SRA for scrutiny chairs had consequently been reduced as a result of the Panel's report. The Panel was advised that the Council's scrutiny structure may well be reviewed in 2011. It therefore concluded that any further review should wait until the changes, if any, to the scrutiny structure were known.

- f) *Need to review the co-opted education representatives' allowance.*

The Panel had agreed the level of co-optees' allowance as part of its 2006 report. The allowance was based on the members' Basic Allowance pro rata for the expected time involvement. As the Panel had not recommended a change in the Basic Allowance as part of its December 2009 report the co-optee allowance had remained unaltered. The current allowance for co-opted members of the Council's Children & Young People Scrutiny Panel was £818.

The Panel was advised of the following levels of education co-optee allowances provided by a sample of seven nearby local authorities:

- Bournemouth Unitary Authority: £929 fee
- Bracknell Forest Unitary Authority: £291 fee
- Southampton Unitary Authority: £643 fee
- Poole Unitary Authority: £795 fee
- Portsmouth Unitary Authority: expenses only
- Brighton & Hove Unitary Authority: expenses only
- East Sussex County Council: expenses only

Practice varied considerably, with three of the sample authorities providing expenses only and the others offering allowances ranging between £291 and £929.

The Panel noted that the Isle of Wight Council's Audit Committee co-optees did not receive an allowance, and Education co-optees were not obliged to take the allowance offered.

The respoondee had suggested that the education co-optees' allowance could be split between more co-optees, thereby providing greater value. However, it was not within the Panel's remit to offer any view on the optimum number of co-optees or to recommend an increase. The Panel also considered the respoondee's suggestion that education co-optees should write an annual report in the same way as councillors, but did not believe that such a requirement was appropriate as the co-optees represented parent governors and were not answerable to the electorate.

- g) *Failure of the travel allowance to recognise the number of journeys made.*

The Panel noted that this issue had been raised during its last review and had been considered in detail as part of its 2006 report, which recommended the current methodology. The current scheme took account of the distance members lived from County Hall and the banding system reflected workload. The Panel recognised that some councillors were members of more committees than others and therefore made more journeys to County Hall. However, the Panel considered that this was a group issue and was not one on which it could offer a view.

12. A respoondee had raised the point that, in the light of the Government's abolition of the Standards Board for England and likely future changes to the ethical standards framework, any review of the Committee's co-optee allowance should wait until such changes were known. The Panel accepted this view.

13. Although three respondees had said that they would be happy to meet the Panel to discuss their comments further, given the evidence received, the Panel did not consider that further elucidation of the points raised was necessary.
14. Although not raised by the respondees, the Panel noted that the Council Chairman no longer had the use of a Council car since its last report was written. The Panel considered whether a change to the Chairman's travel allowance banding was appropriate in view of this. It was noted that in its last report the Panel had heard evidence that the civic role was likely to change. The Panel therefore agreed not to recommend any change at the present time but that the matter should be kept under review.

CONCLUSIONS AND RECOMMENDATIONS

15. The Panel noted all the views expressed and evidence received. It was also very mindful of the current economic climate and severe financial pressure under which the Council found itself.
16. **As a result of this review the Panel recommends that:**
 - a) **No changes are currently required to the Members' Allowance Scheme.**
 - b) **Members who are unable to receive an Orange signal at their home should be given the option to take a one-off annual payment (subject to tax and NI as appropriate) equivalent to the average cost of providing a basic mobile phone (currently £138 for a non-Cabinet member). Any tax implications should be the members' own responsibility.**
 - c) **An annual review of the Scheme should take place in 2011 in time for the 2012/13 budget unless an amendment of the member structure necessitates an earlier review.**

LIST OF APPENDICES

Appendix 1: Questionnaire

Appendix 2: Views expressed in survey and interview responses
(names removed)

APPENDIX 1

INDEPENDENT REMUNERATION PANEL: Members' Allowance Scheme

Please complete this questionnaire and email it to marian.jones@iow.gov.uk by **4 October 2010**.

Your name:

| |
|--|
| (1) Do you have any comments on the current Member's Allowances Scheme? |
| (2) Do you have any comments on any anomalies or unintended consequences within the Scheme? |
| (3) Do you have any proposals for possible amendments to remove these anomalies within the Scheme? |
| (4) What is your justification for these proposed amendments? |
| (5) Do you have any comments on recent or possible future changes to special responsibility allowances within the Council? |
| (6) Do you have any proposals for possible amendments to accommodate these changes within the Scheme? |
| (7) What is your justification for these proposed amendments? |
| (8) Do you have any other observations about the Scheme? |
| (9) Would you like to meet the Panel to discuss any of the above issues? |

September 2010

COMPILATION OF QUESTIONNAIRE RESPONSES RECEIVED

1. Do you have any comments on the current Member's Allowances Scheme?

- I think it is fair and reasonable
- In the current economic climate it should be left unchanged for the year 2011/12
- The members allowance schemes tend to unfairly benefit Cabinet Members more so than ordinary Councillors, and does not take into any consideration the ward work or time consumed by non cabinet members.
- Generally fair for ward members but consider Cabinet Members grossly under-rewarded for the hours they work.
- Yes. Unbudgeted costs arose from the increase in cabinet size. Consider feasibility of having a fixed budget for the 'cabinet duties', divided (on role or equally) between such members.
- Yes – re travel allowances – see below.
- No (x 2)

2. Do you have any comments on any anomalies or unintended consequences within the Scheme?

- Ordinary members are expected to finance expenses in the course of their work. Their own newsletters, surgeries, stationary, telephone calls and travel has to be financed out of our own pockets which can be expensive, particularly when you have no other source of income (like me!). There is a perception from members they'll receive little support from the 'Members Support' staff, as their assistance is often required to support the need of cabinet members. The current scheme benefits the self employed, retired and semi-retired over those in paid employment. This can, and does distort diversity on the Council. The Basic Allowance scheme can be abused by Councillors, as they can attend a statutory minimum of meetings and not consult with their community. In theory (rather than practice) if a Councillor loses momentum and chooses not to seek re-election there is nothing in place for the Council or the community to call a lazy councillor to account.
- Chairs of scrutiny committees are over paid for, what is a relatively simple Chairmanship role.
- Yes. Co-opted Educational Representative allowances understood to have been outside previous review, despite changes to Scrutiny structure.
- The travel allowance does not recognise that some councillors have to travel to Newport on many more occasions than some members.

- No (x 4)

3. Do you have any proposals for possible amendments to remove these anomalies within the Scheme?

- I would support means testing entitlement to allowances and offering members a scheme whereby they can be reinstated for out of pocket expenses. The rules which surround members support are too rigid. I would prefer to outline what support I need in the course of my dealings as a councillor, rather than being told what support I am entitled to. To receive financial assistance in paying my landline phone bills, upgrading my PC (with Microsoft Office) and financing newsletters would be of more use to me personally than being offered a mobile phone (which has no signal with the Council's provider where I live) and a lap top. *(Last year, I was offered an Orange Blackberry; whereas the only provider I can access is O2- Because of the rigidity of the Council's contract, there was nothing I or the Council could do to enable me to change to O2- The knock on effect of this is, if I am to stay in touch with my constituents by 'phone I have to pay for all of my calls out of my pocket, whereas members elsewhere don't.)*
- Cabinet SRA should be increased
- Include co-optees in this review, with more comparisons with other LAs. (Including number of parent governor reps in each LA). Reduce PGR allowance. PGRs should also have to produce an annual report (section 15) for the public – to be available on the LA website.
- Recompense members on journeys actually made to attend meetings.

4. What is your justification for these proposed amendments?

- My proposals would not only put Councillors in control of what and why they wish to claim, it would be transparent for residents to understand the true costs of expense claims and, providing a cap is levied for amount entitled, there is no reason why this shouldn't save the local authority money.
- Having served as a Cabinet Member I know members are working extremely long hours (often over 12 hours a day). Having attended scrutiny meetings I am well aware of level of work required by Chairmen both for meetings and in preparation. There is a gross mismatch between the two responsibilities and the levels of SRA.
- Since Scrutiny Panels were introduced, fewer meetings are now held and allowance should be reduced. Although the work content may not have reduced, the allowance is not a salary. School governors volunteer for the benefit of the children and communities. PGRs should not have such a disproportionate benefit. Although there is no current evidence, a large allowance could attract candidates seeking the allowance rather than a passion for effective scrutiny, and it may be difficult for their electorate (other parent

governors) to ascertain this. For a given cost, the allowance could be divided by more PGR co-optees, (as allowed by legislation). The LA could also derive more value from their PGRs, as it may be a perception that some officers consider PGRs are an undesired legal requirement.

- Some members only attend full Council meetings! I am currently on six panels etc.

5. Do you have any comments on recent or possible future changes to special responsibility allowances within the Council?

- Some Cabinet Members clearly have larger portfolios than others. However the SRA remains the same. The Leaders of all Political Groups (with 3 or more members) are all entitled to the same SRA regardless of the size of that group, or the responsibilities that that entails. Why is the Vice Chairman of Planning entitled to an SRA? What is unique about this position? The SRA for cabinet members I consider is too high - I would like to see all ordinary members taking a more active role in formulating Council Policy, and more evenly being distributed allowances for doing this.... After all, this is what we were elected to do!
- Consider feasibility and merits of: i) linking allowance to attendance/ (or contribution/value if measurable), ii) linking allowances to directors (and senior officers) salaries. This could be directly or inversely (see below).
- Many members have to sustain extra expense because of journeys made over and above the average.
- No (x4)

6. Do you have any proposals for possible amendments to accommodate these changes within the Scheme?

- The Introduction of Out of Pocket expenses for Councillors on limited incomes.
- Increase Cabinet Members' allowances and reduce that for Scrutiny Chairs.
- No. Panel to consider and look for best practice in other LAs.
- Only pay for mileage undertaken.

7. What is your justification for these proposed amendments?

- 1. Improve future diversity of Councillors; 2. Save money; 3. Would ensure allowance would be given to those in most need; 4. To claim out of pocket expenses would help ensure Councillors remain 'involved', rather just awaiting for their salary to be paid.
- It is perceived that contribution (qualitative and quantitative) varies between members. Further, such contribution required may be determined by the capability of directors in informing members of

information, allowing them to determine policy. If it is found that the LA has a disproportionate number of highly remunerated directors (compared with comparable LAs) then this would presumably mean that members are better guided and members need to do less work in that respect.

- See my comments in previous questions.

8. Do you have any other observations about the Scheme?

- I cannot see any justification for increasing allowances in the current financial climate
- In my view the current scheme seems to revolve around the 'needs' of individuals rather than the requirements to have a balanced Council. I feel the existing formulae disadvantages individuals from more diverse backgrounds.
- I believe that adjustments should be made to the travel allowance to take into consideration the many rises in the cost of petrol over the past three years.
- No (x 4)

9. Would you like to meet the Panel to discuss any of the above issues?

- No (x5)
- Yes
- Happy to discuss further
- If it is possible.

Other comments:

- I don't see the point in form filling when we are ending up with nil increase. It seems a waste of time even looking at it in the present financial climate.
- I do not wish to contribute comments as I am uncomfortable with the process.
- No comments to make (x2).
- As the new Government have the intention off abolishing the Standards Board for England and, possibly, the whole ethical standards framework it will be difficult to reply to this until we know what our future is. I presume this will be taken into account by the panel.