

MEMBERS ALLOWANCES IN NORTH NORTHAMPTONSHIRE.

Attached is a copy of the report prepared for Full Council by the Independent Remuneration Panel (IRP) on the review of the current Members Allowances Scheme.

The current scheme is included in the Council's Constitution under Part 8.6.

The IRP report and recommendations will be tabled at Full Council on 26th May 2022 for determination.

The Committee are provided with early sight of the IRP report going forward to Full Council. The Committee cannot amend the IRP report or determine the recommendations, however if there are points of clarification raised these may be referred back to the IRP requesting a response.

Report of the Independent Review Panel.

Background

- 1.1. The current Independent Review Panel (IRP) for North Northamptonshire comprises the Chair, Steve Leach (Emeritus Professor of Local Government, De Montfort University): Ged Dempsey (retired CEO of an international retail company and member of the Judiciary and the Lord Chancellor's Advisory Committee on Justice): and Sue Watts (Business Development Director, Age UK, Northamptonshire). In February 2021, it submitted a report to North Northamptonshire Shadow Authority, setting out its recommendations for members allowances for the year 2021-22. This report was considered and approved at a meeting of the Shadow Council in March 2021. One of the Panel's recommendations was that the Panel should be reconvened in a year's time, to test out the resilience of its conclusions and recommendations, made for a council that had not yet come into being, in the light of members' experience of operating the decision -making structure.
- 1.2. The Panel held a virtual meeting on March 4th 2022, at which it heard evidence from the leader and deputy leader, two other councillors and three senior officers of the council. In addition, six councillors had submitted written evidence and one relayed his views through a phone call. The Panel is grateful to all those who took the time and trouble to communicate their views, to Anne Ireson and Lorraine Hogg for their invaluable support and to Adele Wylie for the provision of helpful information and prompt response to queries raised by the Panel.
- 1.3. The panel was made aware that a Boundaries review of North Northamptonshire is scheduled to take place during the 2022-23 municipal year. It is impossible to forecast the outcome of this review and the Panel has had little choice, but to work on the basis of existing ward definitions and councillor numbers. Once the recommendations of the Boundary Commission have been agreed, it may be necessary for a further review of allowances to take place. Depending on the extent of the changes involved, it may be that this could be a relatively brief, selective review, rather than a comprehensive one.
- 1.4. During the meeting of March 4th, the Panel was made aware of the disquiet on the part of some members regarding the disparities between the allowances recommended in North and West Northamptonshire respectively. This issue is addressed in the following section. But it is important that members understand that the two Panels carried out their work independently, and were unaware of the recommendations of their counterparts, when submitting their reports to the commissioning authorities in February 2021.

Analysis

- 2.1. Two key issues emerged from the representations which the panel received: first, that the workload of and time commitment required from all councillors in the new authority, but particularly those on the executive, had been extremely

high, unprecedented in their experience: and second, that it was felt to be unfair that the levels of allowances paid in West Northamptonshire were significantly higher than those in the North.

- 2.2. The Panel has little doubt about the reality of the unprecedented workload. This would be expected in any newly established authority and particularly in one where the number of total number of councillors involved in the government of the area has fallen from 152 to 78, a drop of almost 50%. In the view of the Panel, some reduction in workload and time commitment might reasonably be expected in subsequent years, as the working processes of the authority become more embedded and familiar, but only to a limited extent.
- 2.3. It was pointed out by some councillors in leadership positions that, taking into account the number of hours they were putting in each week, their hourly rate for local government work was little more than the minimum wage. This may well be true. But members allowances were never expected to provide a full level of compensation for the time put in. In the Panel's 2021 report, it is made clear that 'its recommendations should acknowledge the fact that not all of the time commitment of members should be deemed eligible for allowances: 50% is the proportion commonly specified' (para 2.1.). The other 50% is seen as the voluntary, public service element of a councillor's role. This 50% criterion is widely adopted in the recommendations of IRP elsewhere.
- 2.4. Even so, the overall allowance currently allocated to the council leader in North Northamptonshire (including the basic) is close to 40,000, that of the deputy 30,000 and that of executive members 26,000. Taking into account the 50% discount principle, these seem not ungenerous rates of remuneration
- 2.5. Although the Panel can well understand that comparisons between the allowances paid in North and West Northamptonshire will be made by councillors, it does not accept, as some have suggested, that the response to the disparity should be an uprating of allowances in the North to match those in the West. No responsible Panel could make an emotive response of this nature, which would involve discarding the carefully thought-through methodology which informed the conclusions and recommendations of its earlier report.
- 2.6. The reality is that Northamptonshire no longer exists in local government terms. There are now two separate authorities North and West, with different socio-geographic configurations. Had they been named Welland Valley and Neneside (for example) the apparent survival of 'Northamptonshire' would have been less apparent.
- 2.7. The report of the West Northamptonshire Panel makes it clear that West does indeed have a different socio-geographic configuration to North. It states (para 4.3) that 'without any embroidery, it has to be recognized that West Northamptonshire Council retains a major conurbation in Northampton.' It is, in effect, a small city region focused on Northampton itself, which was until 2021, the largest district council in the country.

- 2.8. North Northamptonshire, in contrast, lacks an urban focus of this nature. The Panel described its settlement pattern in its earlier report as ‘a range of small and medium-sized towns in a predominantly rural setting’ (see para 2.3), a characterization about which it feels would be unlikely to be disputed. A comparison between the schedule of SRAs in authorities which contain or are part of a conurbation and authorities of similar population size which do not or are not consistently reveals a significantly higher level of allowances paid in the former than the latter.
- 2.9. Both Panels adopted a similar methodology, in that they sought to identify local authorities with similar characteristics and to use their allowances schemes as benchmarks against which to develop recommendations. In the case of the North, the criteria used were as follows: the authorities had to be unitary authorities: their social geography should be similar to the dispersed settlement pattern of the North; and they should have broadly similar population sizes as the North. On this basis, ten comparable authorities were identified (see para 2.4). The West report was less explicit about the criteria it adopted, citing only ‘councils which have gone through a similar process in the forming of a new unitary authority’ but selected seven as ‘appropriate comparators’ (see para 4.1). There were four authorities selected by both Panels – Cheshire West and Chester, Durham, Dorset and Wiltshire.
- 2.10. Given that the range of comparator authorities was justifiably different, it is not surprising that the analysis revealed different outcomes regarding the average level of SRAs for the various positions of responsibility. This is what explains the differences in the recommendations made in the two reports – an unsurprising outcome of a logical process. It should also be noted that in several cases, the SRAs recommended (and then adopted) by the West panel were higher than the averages for the seven comparator authorities, as a result of the panel using multipliers of the basic allowance to decide on their recommendations for the special responsibility allowances (SRAs) of executive office holders. The use of multipliers was not adopted in the North report and the Panel can see little justification for adopting this practice
- 2.11. The panel sees no reason to depart from the methodology it deployed in its first report, although it is prepared to make some minor adjustments to its earlier recommendations which reflect what it learned from its interviews in March 2022. It could not retain its integrity as an independent panel if it did otherwise. The Council can of course ignore or amend some or all of the panel’s recommendations. That is their choice.
- 2.12. Even if the Panel felt that there was a strong argument for recommending substantial increases in allowances, which is not the case, it would be wary about doing so. The next year is likely to be a difficult one financially for the nation; inflation is rising steadily, and wage increase are not keeping pace with the cost of living. Fuel prices -domestic and motoring – are predicted to soar.

Many councils would find it hard to justify substantial increases in members allowances in these circumstances.

Recommendations

The Basic Allowance

- 3.1. This is the one form of allowance, where the Panel considers that parity throughout what used to be Northamptonshire can be justified. The Basic Allowance is primarily a compensation for the grassroots work which all councillors are required to undertake such as dealing with constituents' problems and representing their interests in the authority. There is also the expectation that all councillors will serve on a range of committees and panels, without qualifying for SRAs. These expectations and their associated time commitments will be broadly similar throughout the area of the former county. This workload will undoubtedly have increased markedly since the new authority was established, reflecting the fact that there are now half the number of councillors operating in North Northamptonshire than used to be the case. The panel recommends that the Basic Allowance be increased to £13,750 – the current figure in the West - and that it be uprated in accordance with the NJC officers pay settlement for 2021-22, as recommended in the Panel's earlier report. This increase, not yet formally accepted by the Unions, has been set at 1.75%. This would result in a basic allowance of £14,000 (subject to modification if the final NJC figure differs from this). The Panel would wish to make it clear that, in its view, this allowance should include an element covering councillors' expenditure on IT, and also include remuneration for holding minor positions of responsibility, including most vice-chair positions.

Leader, Deputy Leader and Executive members

- 3.2. As explained in 2.5 above, with the exception of the basic allowance, the Panel cannot justify recommendations which would result in parity between North and West Northamptonshire. But in response to what it was told about the time-consuming pressures experienced by the leadership group in the North, it is prepared to recommend more modest increases, using the following rationale. In its 2021 report, the Panel identified ten comparator authorities, but in deciding upon the SRAs it wished to recommend for the leader, deputy leader and executive members of the authority, excluded Dorset and Wiltshire from its calculations, on the grounds that 'there were historical reasons why the leaders' SRAs in these two authorities were untypically high (see para 2.11). Whilst continuing to hold this view, the Panel recognises that, having selected these two authorities as comparators, it would be consistent to continue to include them in its calculations. The effect of so doing would be to increase the SRA for the leader to £28,390, that of the deputy to £21,200 and that of the other executive members to £15,320. This is the recommendation proposed by the Panel, in recognition of the particular challenges of leading a newly created authority in the first two or three years of its existence. Applying the 1.75%

uprating (see para 3.1 above) these allowances should be set at £28,890, £21,570 and £15,590 respectively for 2022-23.

- 3.3. Since May 2021, the administration has decided to introduce the posts of assistant executive members (AEMs), of which three are currently in post, with an expectation that more will be appointed in the coming months. This practice can be found in several other authorities. Such posts cannot involve formal executive responsibility, because to do so would effectively increase the size of the executive beyond the legal maximum of ten. But such posts do provide support for overworked executive members and also provide helpful experience for future executive members. Although in some cases such posts do not qualify for SRAs, in many, a small allowance of between £2,500 and £5,000 is allocated.
- 3.4. Given that the proposals set out in 3.2 above will have the effect of increasing the total SRA allocated to the executive members (other than leader and deputy leader) by £15,390 (£15,660 when the 1.75% increase is applied) as a response to the particularly challenging circumstances of establishing and running a new authority, it would be logical to recommend that any SRAs for AEMs should be deducted from this enhanced overall allowance, which is intended to cover collective executive responsibilities. There would be different ways of managing these deductions. If the SRAs for assistant executive members were set at £2,000, then if posts were introduced for all eight executive members (other than the leader and deputy leader) then the net increase of £15,660 recommended above would cover the cost of these SRAs. Alternatively, they could be deducted from the SRAs of the executive members who choose to appoint an AEM. A further option is that no SRAs should be allocated, with these posts being considered as part of the range of more minor responsibilities which all members can be expected to undertake, to which the proposed increase in the basic allowance is a response. The council could decide to allocate SRAs for AEMs (of between £2,000 and £5,000) in addition to the recommended overall increase in the SRA allocated to the executive, but this is not an alternative supported by the Panel, as it would be inconsistent with the application of its methodology.

Opposition Party Leader

- 3.5. The only opposition group of significant size in North Northamptonshire is the Labour Group, with 14 seats. The leader of the Labour Group, as the largest opposition group, receives a SRA of £10,000. The leader of the minority Green Alliance Group (4 members) receives a SRA of £4,000. The deputy leader of the Labour Group does not currently receive a SRA (the 20% of council membership criterion narrowly excludes this payment). Given the importance of the opposition role in the democratic viability of a local authority, the Panel is clear that it would be right to retain the SRA of £10,000 (uprated to £10,175) for the opposition leader, on similar grounds to those set out in para 2.21 of the

Panel's 2021 report, and the SRA allocation to the leader of the Green Alliance Group should continue at £4,000 (uprated to £4,070).

- 3.6. In its 2021 report, the Panel recommended that an SRA of £4,000 should be paid to the deputy leader of the main opposition group, if its membership comprises 15 (20% of council membership) Its current size falls short of this total by a single councillor. Given the minimal size of the other opposition groups the Panel is of the view that this allowance should now be paid, which would contribute to the Panel's concern to reflect the importance of the opposition's role in the allowances scheme.

Overview and Scrutiny

- 3.7. In its 2021 report, the Panel highlighted the importance of overview and scrutiny in providing checks and balances on the power of the executive. In the original decision-making structure, only one scrutiny committee was established. This has now been increased to two, with the introduction of a Finance and Resources Scrutiny Committee to complement the Scrutiny Commission. The Panel welcomes this move and recommends that the Chairs of both bodies should continue to be allocated an SRA of £13,500 (uprated to £13,735), which is significantly above the average for the comparator authorities, a difference which the Panel feels is justified (see 2.24 and 2.25 of the 2021 report). The overall allocation of £40,000 (uprated to £40,700) should continue, with the remaining allowance allocated to members (other than the two chairs) who are appointed to chair a major scrutiny project (for example, one which would be expected to run for six to twelve months). As it is unlikely that more than three such projects would be scheduled in any one year, the Panel recommends that an SRA of £3,250 should be allocated to the members chairing such projects. This allocation should include the ongoing panel on 'levelling up' working group and the budget-setting scrutiny working group. The Panel would be happy for the Council to use its discretion in the detailed allocation of the remaining Scrutiny fund over the coming year.
- 3.8. The case was made to the Panel that the workload of the vice-chairs of the two scrutiny committees merited the allocation of an SRA to these positions. There did appear to be a substantial workload involved in each case, and the Panel was certainly pleased to see that the importance of scrutiny had been recognized and appeared to be adding value in a variety of ways. The Panel's views on the case for SRAs for vice-chairs are set out below. But in the case of the Scrutiny committees, there is a viable alternative. If the vice-chairs were to be deputed to chair one of the major projects (see 3.7 above), which would seem an appropriate allocation of responsibilities, then this would provide recompense for their wider contribution to the scrutiny process.

Committees (1) Planning

- 3.9. In its original structure, North Northamptonshire established a Strategic Planning Committee and two Area Planning Committees. The panel's

recommendation was that SRAs of £7,500 should be allocated to each of these three positions. The total allocation for the planning function was £22,500, which compared favourably with most of the comparator authorities, but which could be justified on the grounds of the decentralization of the development control function. During the course of the year, the council considered that the level of workload involved was such as to justify a further sub-division into four area planning committees. As a result, the council reduced the SRA payable to the chairs of the four area committees to £3,750.

- 3.10. Details were provided to the Panel of the frequency, duration and number of reports dealt with at each of the four area committees over the June 2021 to October 2021 period. There were significant variations between the committees, but on average, meetings have been held monthly, with the number of items dealt with varying between one and ten and an average meeting duration of 75 minutes. This average figure conceals a major discrepancy between the Thrapston area committee (average meeting time 140 minutes) and the remainder, including Strategic Planning (average meeting time 48 minutes).
- 3.11. In so far as the panel can judge, there was a justification for increasing the number of area planning committees, and there is a case for increasing the SRAs of their chairs. It recommends an increase to £5,000 (uprated to £5,090). It would not be feasible to vary the SRA concerned to respond to the particularly heavy workload of the Thrapston area committee, as the workloads of the various committees may well change over time. This recommendation would have the effect of increasing the overall SRA allocation to the planning function to £27,500, which is the maximum the Panel could justify on the basis of comparative evidence.
- 3.12. Representations were received by the Panel concerning the case for allocating SRAs to the vice-chairs of the council's committees, with the vice-chairs of the various planning committees seen as having a particularly strong case in this respect. The Panel's views about the remuneration of vice-chairs (and other such positions) was made clear in its 2021 report: 'the panel's view is that if the basic allowance is set at a relatively generous level (as in North Northamptonshire), then this allowance should be seen as covering a range of minor responsibilities, which all councilors should be expected to take on board from time to time' It would not be appropriate to allocate SRAs to all positions of responsibility in any council, including North Northamptonshire. To do so would increase the proportion of members receiving an SRA to well above one third, the figure specified in the government's guidance regarding allowances. S stands for 'special' which implies distinguishing between 'greater' and 'lesser' levels of responsibility, in making judgements about SRAs.
- 3.13. If the panel were to recommend SRAs for the vice-chairs of planning committees, but not others, it would be likely to generate claims of 'unfairness' from other vice-chairs, claims which the Panel would find it difficult to resolve

without further detailed information collection and analysis. It therefore endorses the recommendation made in its 2021 report that SRAs should not be paid to vice-chairs of committees. This recommendation is consistent with current practice in a wide range of other allowances schemes of which it has knowledge (including that of West Northamptonshire).

- 3.14. What is important is that if a vice-chair is required to take over the chair's role for one or more committee cycles, due to the illness of the incumbent (or some other justifiable circumstances), then a financial adjustment should be made to acknowledge the fact that he or she has assumed the Chair's responsibilities for a specified period of time. The Panel's recommendation would be that, in these circumstances, the relevant proportion of the chair's SRA should be transferred to the vice-chair. For example, for a committee which meets quarterly, two such substitutions would merit the transfer of 50% of the chair's allocated SRA.

(2) Licensing

- 3.15. In the Panel's 2021 report, the recommendations regarding Licensing were that the Chair should receive an SRA of £7,500 (equivalent to that received by the Chair of Strategic Planning) and that a fund of £10,000 should be set aside, to be allocated retrospectively to those chairing topic-specific panels, which is where most of members involvement in Licensing takes place, rather than in the parent committee per se. The Panel was informed that of the fifteen panels which have operated since May 2021, twelve have been chaired by the Chair of the Licensing Committee himself. That is his choice, and assuming this practice is likely to continue until May 2025, the Panel considers it would be appropriate to raise his SRA to £10,000 (uprated to £10,175). The Panel would be happy for the Council to use whatever basis of distributing the remaining £10,000 Licensing fund that seems appropriate over the coming year.

(3) Other Committees

- 3.16. The panel received no representations regarding the SRAs paid to chairs of the other committees established in North Northamptonshire, nor about other positions not covered in the 2021 report which might qualify for SRAs. As a result, the Panel sees no reason to modify its original recommendations, beyond the application of the 1.75% uprating. However, it did note that there was considerable variation in the number of meetings that the different committees held. At the lower end of the scale, in the period up to January 2022, the Employment Committee had not met (although the Panel understands that it has done so on a couple of occasions since. It is hard to justify paying an SRA to the Chair of a committee which meets only infrequently, and the Panel recommends that from 2022-23 onwards, there should be a minimum of three meetings held in the municipal year, if the Chair is to qualify for the allocated SRA.

Civic Allowances

- 3.17. A similar status quo conclusion was reached about the civic allowances paid the Chair and Vic-chair of the council, which, as it happens, are close to the allowances recommended in the West Northamptonshire IRP report. These allowances should remain as they are, subject to the across-the-board uprating

Other issues

- 3.18. One councillor questioned the appropriateness of allocating an attendance allowance (of £400) to co-optees who play a major role on a council committee, suggesting that an annual payment (as in West Northamptonshire) would be a preferable option. In the Panel's view, this alternative would not take into account the significant variation in the number of meetings per annum that the co-optee might be required to attend. It would be inequitable if someone who attended six meetings received the same allowance as someone who attended only two. The Panel would prefer to retain the existing attendance allowance model but can see value in imposing a cap on the total amount which can be claimed by a co-optee in any given year. The suggested figure is £2,000, which is less than half of any of the SRAs recommended for North Northamptonshire councillors.
- 3.19. There was also one representation which argued for a reintroduction of a separate IT allowance for each member, rather than this allowance being subsumed within the basic allowance, which the Panel recommended in 2021, and which has been adopted. A separate IT allowance is complex to administer and most authorities of which the Panel are aware have not retained a separate allowance. As the Panel's proposal is to increase the basic allowance to £14,000, so the argument for subsuming the IT allowance within it becomes stronger.
- 3.20. As regards the Panel's 2021 recommendations regarding childcare and dependent carers' allowances, travel and subsistence rates and the use of the NJC annual pay award to officers, no representations arguing for change were received and the Panel recommends the continuation of current practice in each case. Similarly, there should also be retention of the provision that, should a councillor hold more than one position which qualifies for an SRA it is only the higher of the two allowances which can be claimed.
- 3.21. In the Base Budget for 2022/23 a sum of £1,411,000 has been budgeted for to cover SRA/Civic Allowances. Full 12-month implementation of the proposed recommendations would result in a budget requirement of £1,427,096. This results in a potential budget pressure of £16,096.

4. Summary of Recommendations.

- (1) The Basic Allowance should be increased to £14,000, this figure includes the 1.75% uprating following the 2021-22 NJC officers award, as do all subsequent recommendations.
- (2) The SRAs for the members of the executive should be increased as follows

Council Leader: £28,890

Deputy Leader: £21,570

Executive Members: £15,590

- (3) If the Council wishes to allocate SRAs to the assistant executive members, it should do so within the overall executive budget increase of £15,660. Para 3.4 above sets out alternative ways of doing this. The Panel does not support the idea of additional resources being allocated for SRAs for these positions.
- (4) The Leader of the largest opposition group should receive an SRA of £10,175.
- (5) The deputy leader of the largest opposition group should receive an SRA of £4,070.
- (6) The leader of the Green Alliance Group should receive an SRA of £4,070.
- (7) The Chairs of the Scrutiny Commission and the Finance and Resources Scrutiny Committee should both receive an SRA of £13,736.
- (8) A fund of £13,230 should be made available to members chairing scrutiny panels (other than the two chairs cited above) which are dealing with major projects, such as 'levelling up' and budget-setting scrutiny, SRAs of £3,250 are recommended for this purpose.
- (9) The SRAs of the Chairs of the four Area Planning Committees should be increased to £5,090.
- (10) The SRA for the Chair of the Licensing and Appeals Committee should be increased to £10,175.
- (11) A fund of £10,000 should be retained for distribution to members (other than the chair of the Licensing Committee) who chair licensing panels.
- (12) The SRAs for the Chairs of the other Committees should remain unchanged (apart from the NJC uprating) as follows:

Strategic Planning Committee, Audit and Governance Committee and Democracy and Standards Committee: £7,631.

Employment Committee, Police and Crime Panel and the Health and Well-being Board: £4,070.
- (13) SRAs should not be paid to the Chair of any Committee which meets on less than three occasions in a municipal year.
- (14) SRAs should not be allocated to vice-chairs of Committees (see 3.12 – 3.13 for justification). However, if a vice-chair is required to deputise for a Chair (due to illness or other legitimate reasons) for one or more committee cycles, then the proportionate part of the Chair's SRA should be transferred to him or her (e.g., 50% if deputising for two out of four committee cycles).

- (15) If a member qualifies for more than one SRA, it is the higher SRA only which should be payable
- (16) Co-optees (*Independent Persons*) on committees should continue to be paid £400 per meeting attended, subject to a maximum of £2,000 per person over a municipal year.
- (17) The civic allowances of the Chair and Vice-Chair of the Council should be retained at current levels (£10,175 and £5,088 respectively).
- (18) The NJC annual pay award should continue to be the criteria used for the annual uprating of members allowances.
- (19) With regard to childcare and dependent carers allowances and travel and subsistence rates, the current arrangements should continue.
- (20) When the recommendations of the Boundary Review have been agreed, the Panel should be notified to assess what kind of allowances review (if any) is required.

March 2022