

MEMBERS' ALLOWANCES SCHEME

REPORT OF THE INDEPENDENT REMUNERATION PANEL

REVIEW OF MEMBERS' ALLOWANCES FOR 2020/2021

1. Purpose of Report

- 1.1 To advise Council of the recommendations of the Independent Remuneration Panel, in respect of the Members' Allowances Scheme for 2020/2021.

2. Background

- 2.1 Under the Local Authorities (Members' Allowances) (England) Regulations 2003 (the Regulations), the Council must adopt a new Scheme before 1st April each year and before amending a Scheme, must have regard to the recommendations of its Independent Remuneration Panel. This report sets out the recommendations of the Panel for the Scheme for the year 2020/2021.
- 2.2 In undertaking its review, the Panel had regard to guidance issued by the former Office of the Deputy Prime Minister. It also considered information regarding the allowances paid by other authorities in the region and took account of representations made on behalf of the political groups on the Council.

3. Review of the Scheme

- 3.1 The Panel met with representatives of each of the political groups on the Council, on an individual basis, to offer them the opportunity to submit comments for the Panel's consideration, which were taken into account when formulating the recommendations in this report. The Panel wishes to express its thanks to the group representatives for their attendance and contribution to the review process.
- 3.2 Summary of Submissions made by the Leader of the Council
- 3.2.1 The Council Leader advised the Panel of a number of proposed changes to the Council's governance structure, intended to take effect, subject to any necessary approvals, from the Annual Council meeting in 2020. The Panel was requested to consider the appropriate level of allowances to apply to certain roles within the new arrangements, should the changes be approved. In addition, it was asked to review the level of allowance

awarded to some existing roles, which would continue under the revised arrangements, and consider whether the level remained appropriate. Whilst strictly not part of the Allowances Scheme, in accordance with the Council's previous practice, the Panel was also asked to consider the mayoral allowances and express its view on a proposed change to the level, to come into effect from Annual Council 2021.

- 3.2.2 The Council Leader submitted that the number of roles which were awarded a Special Responsibility Allowance (SRA), and in some cases, the amount awarded in respect of a particular role, should be reduced. It was suggested that the higher the percentage of councillors in receipt of an SRA, the more difficult it is to regard the responsibility to which it was allocated as "special". In addition, whilst recognising that the Panel is not concerned with budgetary considerations, representation was made regarding the context of continued austerity within which the Council operated, and the wish for more resource to be directed to front line service delivery.
- 3.2.3 The Leader advised that with effect from Annual Council 2020, the composition of Cabinet would be refreshed, with portfolio responsibilities aligned with the emerging City Plan, while also continuing to maintain a children's services lead member. This would result in the reduction of Cabinet by one member and a corresponding reduction in the number of Deputy Cabinet members from five to four. Cabinet would therefore comprise the Leader, Deputy Leader, Cabinet Secretary, and four portfolio holders. There would be four Deputy Cabinet Members, each aligned to a portfolio holder.
- 3.2.4 The Panel was requested to consider the allowances paid to Opposition Leaders and Deputy Leaders. For a number of years, Sunderland had paid an allowance to the Leader and Deputy Leader of the two largest Opposition groups. The composition of the Council had varied in recent years, without any change being made to the allowances awarded for Opposition leadership roles. This had resulted, on occasion, with an allowance being paid to the Leader and Deputy Leader of very small political groups, including a group which at one stage comprised two members. The Panel was advised that different authorities took different approaches to the payment of allowances to Opposition groups and that not all of those in the region awarded an allowance to Deputy Leaders, or to Leaders of Minority Opposition Groups.
- 3.2.5 It was suggested that in future, a reasonable approach would be to pay an allowance only to the Leader of the Majority Opposition group and to calculate this allowance as a percentage of that paid to the Leader of the

Council, based on the proportion borne by the Majority Opposition group's members to the total Council membership, and with an upper limit set at 25% of the Leader's allowance.

3.2.6 Should there not be a single "majority" opposition group, for example, if the two (or more) largest opposition groups were of equal size, it would be appropriate for the opposition allowance to be allocated between the Leaders of those groups, up to a maximum of 25% in total of the Council Leader's allowance.

3.2.7 The worked examples below, illustrate the application of the proposal.

Example 1

Opposition Group A - 9 members

Opposition Group B - 9 members

Each Opposition Group Leader would be awarded 12% (i.e. 9/75ths) of the Council Leader's allowance.

Example 2

Opposition Group A – 10 members

Opposition Group B – 10 members

Each Opposition Group Leader would be awarded 12.5% of the Council Leader's allowance (i.e. no more than the maximum 25% overall).

3.2.8 It was requested that no change be made to the allowances currently awarded to the Chairs of the Scrutiny Committees and Vice Chair of the Co-ordinating Committee, however, the Panel was requested to consider removing the allowance for the role of Vice Chair of a thematic Scrutiny Committee. It was reinforced that the Chairs of the thematic committees should take the lead role in respect of the conduct and management of the business of the Committee concerned, with the Vice Chair role on those committees being in the nature of a developmental position.

3.2.9 In respect of Area Committees, it was explained that a proposal to change the governance structure would be submitted to Council for approval. Rather than continue to have a Chair with two Vice Chairs (one to chair the People Board and one to chair the Place Board) there would be one Vice Chair only, who would chair a Place or People Board, (or replacement "Neighbourhood Board" or equivalent).

- 3.2.10 The Panel was also advised that a proposal would be submitted to Council to replace the current single Planning and Highways Committee and its three Development Control Sub Committees. In future, there would be two committees, Planning and Highways West and Planning and Highways East, with the A19 as the split running through the city. This would result in Washington, Houghton and Hetton being covered by one committee and Sunderland by the other.
- 3.2.11 A further proposed change was that Regulatory Committee and Licensing Committee become one committee, undertaking all the business currently dealt with by the two existing committees and the Licensing Sub Committee.
- 3.2.12 In respect of the Audit and Governance Committee, whilst the importance and value of the role of Independent co-optees was recognised, it was suggested that the allowances to the Independent Chair and Independent Member were relatively high when compared with that attributable to other positions, having regard to the number of meetings and demands associated with the roles.
- 3.2.13 In addition, the Panel was advised that a review was to be undertaken of the arrangements in respect of the Port Board. It was acknowledged that the individuals who were currently co-opted to the Board had made a valuable contribution to its operations, however, in view of the time that had elapsed since their original appointment, in line with good governance practice, the appointments should be refreshed. The position in respect of the Port had moved on from when the co-optee positions were originally created and it was now also timely for the arrangements as a whole to be reviewed, in order to determine the most appropriate arrangements for the Port.
- 3.2.14 The proposals referred to above were submitted to the Panel, which was requested to consider the level of allowances that it would recommend be allocated to the roles on the new structure, should the changes be approved.
- 3.2.15 In addition, whilst strictly not part of the Members' Allowances Scheme, it was proposed that the allowance paid to the Mayor and Deputy Mayor, with effect from the Annual Meeting in 2021, be reduced to £12,000 and £6,000 respectively.

- 3.3 Summary of Submissions made by Opposition Group Leaders or their Representatives
- 3.3.1 In addition to considering submissions from the Leader of the Council, each Group was given the opportunity for one of its representatives to meet the Panel. A consistent theme from amongst those that attended was that the overall cost of the allowances should be reduced, and that whilst it may be appropriate to carry out a review of the level of basic allowance in the future, the number and/or value attributable to SRAs was a priority.
- 3.3.2 Comment was made regarding the level of SRA paid to Area Committee chairs, having regard to the number of meetings held. The demand upon Deputy Cabinet members was also queried and comment made regarding the fact that the SRA was paid, whatever the time and effort put in by the individual member.
- 3.3.3 A submission was made by one of the political groups which reflected submissions it had made in previous reviews and included a proposal that there should be no more than 25 SRAs, the allowances to Deputy Cabinet members and Committee Vice Chairs should be removed, travel and subsistence allowance should not be paid (other than in relation to journeys outside the Sunderland area) and the mayor and deputy mayor allowances should be removed.
- 3.3.4 One representative made the point that councillors do not all expect recompense for every position to which they are appointed. For example, a member may be appointed to a local charity or trust board in their community and they wouldn't necessarily expect any payment for the time incurred in undertaking that role.

4. Conclusions and Recommendations

- 4.1 The Panel recognises that there is a clear wish across the political spectrum for there to be a reduction in the amount spent on SRAs. Whilst the Panel is mindful of the time and effort expended on the various roles within the Council, it recognises that in the context of austerity, and the desire of the Council to prioritise funding to front line services, it is understandable that there is a wish to reduce the expenditure on allowances.
- 4.2 With regard to the proposals in respect of Cabinet, the size of Cabinet and the portfolio responsibilities are matters for the Leader. Should the membership of Cabinet be reduced by one, that would not indicate any

need to revisit the level of allowance awarded to the various Cabinet positions.

The Panel therefore recommends that the current level of allowances paid to the Leader, Deputy Leader, Cabinet Secretary and individual portfolio holders, remains as at present. In addition, having received information at a previous review regarding the work undertaken by Deputy Cabinet Members, the Panel recommends that the allowance for Deputy Cabinet Members continues under the new Scheme.

- 4.3 With regard to the proposal in respect of Opposition Group Leaders and Deputies, the Panel recognises that whilst the practice at Sunderland has been to award an allowance to the Leader and Deputy of the two largest groups, this approach is not taken at all authorities. Among the sample of authorities whose schemes were considered for benchmarking purposes, there is a variety of approaches.
- 4.4 The Panel acknowledges the recognition of the Opposition role in the Regulations, which, where a Council is divided into political groups, require the payment of an SRA to at least one Opposition member as group leader, deputy leader or spokesperson.
- 4.5 The Panel considers the suggested approach set out in paragraphs 3.2.5 to 3.2.7 of this report, for the calculation of the allowance to be paid to the Majority Opposition Group Leader to be reasonable, and recommends it to Council.
- 4.6 While the Panel considers it reasonable to cease payment of an allowance to Deputy Leaders of Opposition Groups, it is of the view that the award of an allowance to the two largest Opposition Group Leaders remains appropriate. The Panel therefore recommends that an allowance is paid to the Leader of the second largest Minority Opposition Group Leader, calculated as a percentage of the allowance awarded to the Majority Opposition Group Leader, based on the proportion borne by the number of Minority Opposition Group's members to that of the Majority Opposition Group, up to a maximum of 50%.
- 4.7 The worked examples below, illustrate the application of the proposal.

Example 1

Majority Opposition Group (Group A) – 10 members

Second Largest Opposition Group (Group B) - 3 members

The Leader of Group B would be awarded 30% of the allowance paid to the Leader of Group A (i.e. 3/10ths).

Example 2

Majority Opposition Group (Group A) – 10 members

Second Largest Opposition Group (Group B) – 9 members

The Leader of Group B would be awarded 50% of the allowance paid to the Leader of Group A, in accordance with the 50% “cap”.

For the avoidance of doubt, it is recommended that should the largest Opposition groups be of equal size, the allowance awarded to their Leaders should be calculated in accordance with paragraph 3.2.6 above and no additional “minority” group allowance paid i.e. only the Leaders of the two largest opposition groups should receive an allowance.

- 4.8 In respect of the Scrutiny Committees, the Panel notes the reinforcement of the role of the Chair of the thematic committees, with the Vice Chair of those committees undertaking a developmental role. That being the case, the Panel recommends that while the SRA to the Chairs and the Vice Chair of the Co-ordinating Committee should continue as at present, the allowance currently attributable to the Vice Chair of a thematic Committee should be removed. The Panel does, however, request that information be provided at the next detailed review, as to the role of the Chair and Vice Chair of the thematic Scrutiny Committees, so that it may consider how the roles have operated in practice.
- 4.9 If the changes to the governance arrangements in respect of the Area committees / Place and People Boards, and the planning, highways, licensing and regulatory functions, as outlined in paragraphs 3.2.9 to 3.2.11, are approved and implemented, the Panel recommends the continuation of the allowance awarded to the Chair and Vice Chair of the “replacement” committees, sub-committees and Boards. The roles on the new structure in respect of the functions relating to areas, planning and highways and the chairing of the combined Licensing / Regulatory Committee, would be expected to carry at least the same level of demand and responsibility as the current posts that have responsibility in those areas and therefore it is appropriate that the current level of allowance should continue. While currently an allowance is paid to the Chair of each of the Licensing and Regulatory Committees, with no allowance paid to the Vice Chair, it is recommended that the Vice Chair be awarded an allowance of 50% of that to the Chair (i.e. £4184) in recognition of the

volume of business which would be undertaken by the “merged” Committee (which would also undertake the work currently undertaken by the Licensing Sub Committees). It is requested that information be provided at the next detailed review regarding the roles and responsibilities associated with the positions on the “new” committees and boards.

- 4.10 In respect of the Port Board, the Panel notes that the Council is to carry out a review and confirms that it would review any relevant proposals in future.
- 4.11 With regard to the Audit and Governance Committee, the Panel considers a modest reduction in the allowances to £5,000 for the Independent Chair and £2,500 for an Independent Member, to be reasonable, in view of the number of meetings and demands associated with the roles.
- 4.12 The Panel is mindful that the basic allowance has not been increased for a number of years. The Panel wishes to ensure that individuals from a broad range of backgrounds are able to afford to become councillors and therefore the allowance should be set at a level that encourages wide participation. As none of the political parties requested the Panel to consider the basic allowance, the Panel does not propose to make any recommendations for change at this time, however, as it has indicated in previous reviews, it considers that it would be appropriate to receive information about the time and effort expended in undertaking a ward councillor’s role and to give consideration to the level of basic allowance and possible application of indexation.
- 4.13 In light of the changes that are proposed to the governance structure within the Council, the Panel considers that if the changes are implemented, it would be sensible to take stock, at the next review, of the impact of those changes on the relevant roles and responsibilities, in order to assess whether or not the level of allowances remains appropriate. The Panel also considers it would be timely to receive information at that time, regarding the demands upon ward councillors.
- 4.14 In conclusion, the Panel notes the proposal that the governance changes referred to in this report will be implemented, if necessary approvals are obtained, with effect from Annual Council 2020. It therefore recommends that with effect from that Annual Council meeting (or, in respect of the proposed changes to the Committee structure, such other date as the Council determines for implementation of the particular change concerned) the level of allowances be as set out in the Appendix to this report. In the case of the changes to the level of allowance for the mayoral roles, it is recommended that they be implemented from Annual Council 2021.

4.15 In the event that any of the proposed changes to the existing committee structure in respect of the planning, highways, licensing, regulatory and area functions are not approved, it is recommended that the current level of allowance for any committees, sub committees or boards that continue in place post - Annual Council 2020, continues to apply during 2020/2021, unless any further relevant changes are implemented. For the avoidance of doubt, unless any changes in the governance structure are approved and implemented prior to Annual Council 2020, it is recommended that the current level of allowances provided for under the Scheme for 2019/2020, will continue to apply until Annual Council 2020.

November 2019

John Anderson CBE

John Cuthbert

Stuart Green

Appendix

Type of Allowance	Amount per annum £
Basic Allowance	8,369
Special Responsibility Allowances	
Leader of the Council	37,667
Deputy Leader of the Council	25,111
Cabinet Secretary	25,111
Cabinet Member with Service Portfolio	20,716
Deputy Cabinet Member	12,556
Leader of the Majority Group in Opposition - allowance calculated as a percentage of Leader's SRA, up to maximum of 25%.	
Leader of the second largest Group in Opposition – allowance calculated as a percentage of the Majority Opposition Group Leader's allowance, up to a maximum of 50%	
Chair of the following:	
Scrutiny Co-ordinating Committee	12,556
Thematic Scrutiny Committee	5,179
Area Committee	10,350
Combined Regulatory / Licensing Committee	8,369
Committee combining Planning and Highways and Development Control Sub -Committee functions	6,277
Vice Chair of the following:	
Area Committee	6,277
Scrutiny Co-ordinating Committee	6,277
Combined Regulatory / Licensing Committee	4,184
Other Special Responsibility Allowances:	
Membership of Adoption and Permanency Placement Panel	4,184
Fostering Panel	4,184
Co-optees' Allowances	
Audit and Governance Committee	
Chairman	5,000
Independent member	2,500
Mayoral	
Mayoral Allowance	17,205
Deputy Mayoral Allowance	5,735

With effect from Annual Council 2021

Mayoral Allowance	12,000
Deputy Mayoral	6,000

Carer's allowance

Actual expenditure up to a maximum of the equivalent of the current National Living Wage or National Minimum Wage hourly rate, as appropriate, dependent upon the age of the worker. The rate applicable shall be subject to automatic increases in line with uprating of the Adult National Living Wage and National Minimum Wage.

Travel Allowances (for elected members and co-optees)

Motor Cycle allowance	24p per mile
Bicycle Allowance	20p per mile
Car Allowance	45p per mile for first 10,000 mile and 25p thereafter

Passenger Supplement 5p per mile for the passenger (not exceeding 4)

The above rates match Her Majesty's Revenues and Customs authorised mileage rates and will be updated when HMRC publishes revised allowances

Subsistence Allowances (for elected members and co-optees)

In the case of absence from the usual place of residence for a continuous period which exceeds 4 hours but does not involve an overnight absence, subsistence is payable as per the table set out below:

Breakfast Allowance	£6.22
Lunch Allowance	£8.55
Tea Allowance	£3.37
Evening Meal Allowance	£10.59

The subsistence rates shall be reduced as shown below in respect of meals provided free of charge by any authority or body during the period to which the allowance relates.

Reduction of Subsistence Allowance for Meals Provided Free of charge:

Reduction for Breakfast provided	£6.22
Lunch provided	£8.55
Tea provided	£3.37
Dinner provided	£10.59

Overnight Accommodation

The allowance will not be claimable as an allowance as such, rather reasonable costs of an overnight stay (including breakfast) will be met for business class accommodation (3 star or 4 star) within and outside of London. Unless there are exceptional circumstances the Council will book the accommodation direct selecting the most

economic option available and utilising the established procurement arrangements in place. Where exceptional circumstances exist, these will be approved in advance by the Executive Director of Corporate Services and reasonable costs will be reimbursed subject to submission of receipts.

Grant payable for Use of Rooms or Halls for Ward Surgeries	£15 maximum per occasion
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Telephone Calls Allowance	£15 per quarter
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Broadband – actual costs to be reimbursed up to a maximum of £15 per month with a contribution from each Member of £3 per month where private use is made for the facility.

Note: Unless otherwise stated, the SRAs and co-optees' allowances referred to above are to come into effect from Annual Council 2020 and, where applicable, are subject to the relevant changes to the Council's governance structure being approved. In the meantime, the level of allowances paid under the 2019/2020 Scheme will continue.