

**SEDGEFIELD BOROUGH COUNCIL**

**Report of  
The Independent Panel on the Review of  
Members Allowances**

**June 2006**

## **REPORT OF THE INDEPENDENT REMUNERATION PANEL**

### **Review of Members Allowances Scheme**

#### **1. Introduction**

- 1.1 At its meeting on 13<sup>th</sup> April, 2006 Sedgefield Borough Council's Cabinet considered a joint report of the Chief Executive and the Director of Resources on the implications of the establishment of an Audit Committee.
- 1.2 The Cabinet resolved to recommend to the Council that an Audit Committee be established and in doing so, also recommended that the Independent Remuneration Panel be requested to determine the appropriate level of Special Responsibility Allowance (SRA) for the Chairman and Vice Chairman of the new Committee.
- 1.3 At the Annual Meeting of the Council held on 19<sup>th</sup> May, 2006 the Cabinet's recommendations were accepted and the Audit Committee was established. The Members of the Independent Remuneration Panel were therefore asked to re-convene to consider the levels of allowances to be paid to its Chairman and Vice-Chairman.

#### **2. Constitution of the Panel**

- 2.1 The four Members of the Panel are :-

Professor Roy Boyne	-	Principal, St. Cuthberts Society, University of Durham
Mr. Jim Briggs	-	Vice-Chairman of South West Durham Training and former Chairman of Tolwood Limited, Newton Aycliffe
Mr. Carl Firmin	-	Former Chief Executive of Durham City Council
Mr. Arthur Scott	-	Trustee of Disability North former full-time Union Official with M.S.F.

- 2.2 The Panel met on a number of occasions and were supported at those meetings by officers of the Council.

### **3. Terms of Reference**

3.1 Our Terms of Reference were as follows :-

- To determine the appropriate level of SRA for the Chairman and Vice-Chairman of the Audit Committee.
- To consider the level of Basic and SRA's to be paid from 1<sup>st</sup> April, 2007.
- To consider whether any changes should be made to the allowances paid to Co-opted Members.
- To review the number of meetings and workload of the two Licensing Committees since their establishment in May, 2004.
- To consider a report from Spennymoor Town Council which appears to be seeking the Panel's re-consideration of its recommendations made in October, 2003 in relation to Parish Allowances.

### **4. Written Information Considered**

4.1 We were initially provided with copies of the following documents :-

- A copy of a joint report of the Chief Executive Officer and the Director of Resources considered by Cabinet on 13<sup>th</sup> April recommending the establishment of an Audit Committee at the Annual Meeting of the Council on 19<sup>th</sup> May, 2006.
- A copy of the Minute of Cabinet agreeing the recommendation and detailing the structure, role and functions of the Audit Committee.

4.2 We subsequently received and considered the following :-

- A Schedule of Members Allowances paid by the seven District Councils in County Durham and Darlington B.C., together with information from four authorities in the south of the country.
- An analysis of twenty-six responses to a questionnaire sent to a number of local authorities seeking information about their Audit Committees and Special Responsibility Allowances paid.
- A letter and report received from Spennymoor Town Council regarding Parish Allowances together with an aide memoire prepared by officers to assist the Panel's consideration.

4.3 We had also retained documents previously supplied to us regarding allowances, regulations and Government guidance.

## **5. Audit Committee**

- 5.1 The research carried out locally had revealed that only Durham City and Easington D.C. had at that time considered the payment of S.R.A.'s to the Chairman and Vice-Chairman of the Audit Committee. Durham City had decided not to pay an allowance and Easington had still to determine a figure.
- 5.2 The analysis of the twenty-six questionnaire responses was reviewed and the links to and comparisons with S.R.A.s for Overview and Scrutiny, Standards and Licensing Committees noted.
- 5.3 The work of the Audit Committee was further explained, including a review of financial statements such as the Statement of Accounts, the Statement of Internal Control, reports from the Audit Commission and the Committees involvement with Internal Audit and Risk Management arrangements.
- 5.4 We discussed and compared in some detail the role and workloads of the Overview and Scrutiny Committees and the Audit Committee, including the numbers of meetings, noting that the Overview and Scrutiny Committees typically met eight times a year with one or two Special Meetings as necessary. The Audit Committee was to have four meetings per year plus extra meetings for training.
- 5.5 After considering all of the available information we concluded that Audit Committee S.R.A.'s should match the allowances paid to Overview and Scrutiny Chairmen and Vice-Chairmen. We acknowledge that there will be fewer Audit Committee programmed meetings, but consider that the level of allowances will reflect the importance of the responsibilities of the Audit Committee and its expected workload.
- 5.6. We wish to emphasise that the comparisons we have made with other levels of S.R.A.s relate to those paid at Sedgefield Borough Council and not those paid by other local authorities.
- 5.7 We further suggest that as the Audit Committee is newly established with significant responsibilities, that its operation be monitored and a review of its work be carried out after one year.

## **6. Allowances for 2007/2008**

- 6.1 In our report in October, 2004 we had recommended that Members Basic Allowance and S.R.A.'S be subject to the same increases in 2005 and 2006 as those awarded to local government officers.

- 6.2 Although we are aware that some local authorities have linked increases to changes to the Retail Price Index or to pension increases, we remain of the opinion that links to officer pay levels are still valid and therefore any increases in Members Allowances should mirror increases in officers pay in 2007/2008.

## **7. Co-opted Member Allowances**

- 7.1 The present allowances paid to Co-opted Members was noted as follows :-

Chairman of Standards Committee	=	£640 pa + £53 per meeting
Other Co-opted Members	=	£10.60 per meeting

Travelling expenses are also payable.

- 7.2 We recall that when Co-optees Allowances were considered by the Panel in October 2003 our recommendations for "other Co-opted Members had been arrived at on the basis that individuals were considered as "lay Members".
- 7.3 In receiving Co-opted Members Allowances, excluding those paid to the Chairman of the Standards Committee which we consider remain appropriate, we took into account the time needed to read papers prior to Committee Meetings, travelling time and the duration of meetings.
- 7.4 The demands on Co-optees time is assessed at approximately three hours per meeting and we therefore recommend that the Co-opted Members Allowances be increased to £35 per meeting to reflect this time commitment.

## **8. Licensing Committees**

- 8.1 Our report dated October, 2004 recommended the payment of S.R.A. allowances to the Chairmen and Vice-Chairmen of the two Licensing Committees that matched those paid to the Chairmen and Vice-Chairmen of the Area Forums.
- 8.2 In doing so, we also recommended that the allowances be reviewed after a period of two years when the workload of the Committees was known and evaluated.

8.3 We have now received further information on the number of Licensing Committee Meetings held, their frequency, duration, content etc., and have decided that our previous recommendation on the level of SRA allowances was sound and that no further changes be recommended to the Council.

## **9. Spennymoor Town Council – Parish Allowances**

9.1 The letter and report received from Spennymoor Town Council which appeared to be seeking the Panel's reconsideration of its recommendations made initially in October, 2003 in relation to Parish Allowances was reviewed.

9.2 The report, which included a comparatively detailed list of activities of a Spennymoor Town Councillor, explained how a notional figure of 20½ hours of work per month per Member of the Town Council had been arrived at, although casework with individual members of the public could not be quantified.

9.3 In considering the Town Council report we recalled that when we had originally considered the payment of allowances to Members at both Borough and Parish level we took account of periods of time referred to in Government and other guidance as being voluntary and undefined.

9.4. It has been generally acknowledged in reviews carried out by other Independent Remuneration Panels where feedback on workload was obtained from Councillors of principal local authorities that the first twenty hours per month should be regarded as a voluntary contribution to the community.

9.5 We are therefore of the opinion that there is no reason to change our previous recommendation on Parish Allowances which was within the guidelines for what was considered an appropriate voluntary contribution of Members time. We would point out that Spennymoor Town Council has the power to pay its Members whatever allowances it so wishes so long as it has taken into account the recommendations of the Independent Remuneration Panel and has publicised the proposed allowances in the local area in accordance with Government regulations.

## **10. Recommendations**

- That the Special Responsibility Allowances to be paid to the Chairman and Vice-Chairman of the Audit Committee should match the

allowances paid to the Chairmen and Vice-Chairmen of the Overview and Scrutiny Committees.

- That the allowances be effective from 19<sup>th</sup> May, 2006 and that the operation of the Committee be monitored and a review of its work be carried out after one year.
- That any increases in Members Allowances in 2007/2008 should mirror increases in officers pay in that year.
- That the Co-opted Members Allowances be increased to £35 per meeting to reflect the time commitment.
- That no changes be made to the level of allowances paid to the Chairman and Vice-Chairmen to the Licensing Committees
- That the level of Parish Allowances remain as previously recommended and Spennymoor Town Council be informed accordingly.

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