

### Independent review of Members' Allowances 2018

#### Conclusion & Recommendations of the Independent Remuneration Panel

##### Introduction

Earlier this year I was pleased to accept the LGA's invitation to reconvene the Independent Remuneration Panel to undertake a further review of the LGA's current scheme of Members' allowances and expenses. This paper presents our findings.

I must begin with sincere thanks to my three fellow Panel members – Lord Filkin, Crossbencher and Chair of the Centre for Better Ageing, formerly a government minister and Chief Executive of the Association of Metropolitan Authorities; Katrine Sporle, the Property Ombudsman and former Chief Executive of Basingstoke and Deane and Chief Planning Officer at the Planning Inspectorate in Bristol; and Ted Cattle CBE, former Chief Executive of Nottingham City Council and the Association of Metropolitan Authorities, now Professor at the Institute of Community Cohesion - for their expertise and time, freely given; and to Claire Holloway and colleagues on the LGA staff for their invaluable help and support.

##### Background

The Independent Remuneration Panel was last convened in 2011 and again in 2012, when we had looked in depth at the various roles and remuneration of Members at the LGA. Our work led to the introduction of job descriptions for Members and clarification of the expectations on them.

In the intervening years some elements of the LGA's governance structure have changed, but the overall structure remains the same as that previously considered by the Panel. In 2017, as part of a review of the Constitution, the LGA agreed that a review of Members' allowances should be undertaken every 4 years and the Panel support and welcome this.

In preparation for our review, the Panel was provided with the current LGA Scheme of Members' Allowances, job descriptions of roles in receipt of a Special Responsibility Allowance (SRA), and our 2011 and 2012 reports for reference. In addition, the LGA highlighted a number of areas we might wish to consider as part of our review:

- The overall levels of remuneration for Members;
- The requirement for home authorities to pay travel expenses for Members attending LGA meetings, excluding those Members who were paid travel expenses as part of their role;
- The possibility of a parental pay policy for elected members;
- The levels of remuneration for the various Vice-Chairs / Political Group Leaders of the LGA;
- Provision of travel expenses for the Chair of the Fire Services Management Committee, and remuneration level of the role; and
- Whether the current Day Rate allowance was appropriate, and whether the roles which qualified for a Day Rate were appropriate.

The Panel met on two occasions – on 22 February 2018 and again virtually on 15 May 2018. As chair of the Panel, I also met with LGA chairman, Lord Porter, to review the chairman's

remuneration in line with one of the recommendations of the 2012 Review. The LGA Chairman and Group Leaders commented on the Panel's draft report and our response to those comments are included in our final recommendations.

## **Key Conclusions**

### **Overall Remuneration**

The current level of Member remuneration was considered appropriate, and the Panel concluded that levels were reasonable given the work and responsibilities involved. We felt that it was appropriate for any increase in Members' allowances to be in line with the nationally negotiated rate for staff pay.

### **Chairman of the LGA**

The minimum time requirement for the role of LGA chairman is 3.5 days per week but individuals can opt to increase this to 4.5 days per week, with a corresponding increase in allowance, if the demands of the role support and their other commitments allow. The Panel felt this was appropriate but restated the recommendation of the 2012 review – that the chair of the Independent Review Panel should meet annually with the LGA chairman independently to review the appropriate level of remuneration.

I subsequently met with Lord Porter and was satisfied that he was able to devote the equivalent of 4.5 days per week to his LGA responsibilities and that his 2018/19 allowance should reflect that. The Panel supported his view that given the demands of the role, and in particular the many evening engagements, it was more appropriate to express the time commitment in hours than days. The Panel felt that increasingly this was true of all LGA roles and that members' job descriptions should be amended to reflect this.

### **Vice-Chairs of the LGA**

The Panel considered the SRAs paid to the four vice-chairs/political group leaders to be appropriate given the relative sizes of the four groups, their levels of complex political interaction and the additional role of the Leader of the second largest group to deputise for the chairman in his/her absence.

We noted however that whilst vice chairs' core responsibilities included participating in peer challenges, with the option to undertake further paid peer work to a maximum of 10 days per year, the number of core peer days was not specified. The Panel felt that this required clarification and concluded that, as peer work covers a broad range of activities, it was reasonable to specify that vice chairs are expected to provide "peer support and mentoring to individual councillors and groups of councillors" within their core allowance, with the option to undertake further formal peer work to a maximum of 10 days.

### **Member Peers**

The Panel concluded that current levels of remuneration for national, regional and other member peers was appropriate, as was the mechanism for formal review of member peers.

## **Members' Travel Expenses**

The Panel considered that it was appropriate that home authorities should continue to pay travel expenses for Members attending LGA meetings given the potential benefits to those authorities of representation on national bodies. However for more senior LGA roles, which demanded higher levels of attendance in Westminster and at other engagements around the country, the Panel supported the current policy of reimbursing expenses, as set out in the Members' Scheme of Allowances.

## **Fire Services Management Committee**

The Panel agreed that, as the workload of the Fire Services Management Committee is comparable with some Boards, the Chair of the Committee should receive travel expenses in line with the policy for chairs of LGA policy boards. However as FSMC is a sub-Committee of the Safer and Stronger Communities Board, and has a smaller remit than LGA policy Boards, we considered that the current level of remuneration for Members appointed to the FSMC is appropriate.

## **Members' Parental Pay Policy**

The Panel considered the possibility of introducing a parental pay policy for Members but did not see evidence that it was common practice. We felt that given the demands of the LGA's roles, the current LGA carers' allowance, which covered costs of securing care for dependants, incurred as a result of attending meetings or other LGA engagements, provided adequate support to those with caring responsibilities.

## **Carers' allowance**

The Panel acknowledged the Group Leaders' view that the current carers' allowance of £7.83 per hour (equivalent to the national minimum wage) was not sufficient to cover costs in many areas of the country. We see a case for using the Living Wage and the London Living Wage as an alternative. These are currently £8.75 and £10.20 per hour respectively and due to go up in November 2018.

## **Members' Day Rate**

The Panel considered the current Day Rate level of £300 per day as appropriate and in line with other organisations. The Panel noted that the rate had remained the same for 15 years and felt that during a time of highly constrained budgets, the freeze had been an admirable display of restraint by the LGA Leadership. However if austerity is becoming less of an issue, an inflation-linked uplift might be appropriate at the next review.

## **Workforce Employer Bodies**

The Panel noted that reimbursement of members on Workforce Employer Bodies currently falls outside the main LGA Scheme of Member Allowances. We understand that increasingly these bodies meet infrequently or irregularly – for example where multi-year pay deals have been negotiated - and that a concern has been raised by one member that this can mean SRAs are paid in a year where no meetings are held.

In view of this, we felt that a sensible and more equitable approach would be to reimburse members

on those bodies through the Member day rate. This would bring them in line with other bodies that met infrequently such as the Audit Committee and Commercial Advisory Board. We understand that this would be unlikely to impact adversely on the relevant budget.

## **In Conclusion**

The Panel was pleased to undertake this review for the LGA and subject to our four detailed recommendations below, has concluded that current arrangements should give no grounds for public disquiet. Once again we take away a sense that the organisation is conducting its affairs sensibly and openly, with a willingness to make improvements. We commend the LGA's approach and hope our recommendations will be of some value.

## **Recommendations**

Overall the Independent Remuneration Panel recommends that the LGA

1. Amends its Member role descriptions to show the anticipated weekly time commitment in hours rather than in days.
2. Amends the role descriptions of vice chairs to specify that vice chairs are expected to “provide peer support and mentoring to individual councillors and groups of councillors” as part of their core responsibilities. Up to 10 further formal peer days may be paid at the standard day rate.
3. Adds the chair of the Fire Services Management Committee to the list of positions for which travel expenses are reimbursed.
4. Replaces the special responsibility allowance paid to members of the Workforce Employer Bodies with the Members’ Day Rate and brings those appointments into the main LGA scheme of allowances.
5. Replaces the current carers’ allowance of £7.83 per hour (equivalent to the national minimum wage) with the Living Wage and London Living Wage.

**Richard Best**

**Chair, LGA Independent Remuneration Panel**

**October 2018**