

Coventry City Council

Report of the Independent Remuneration Panel

November 2020

Recommendations to Coventry City Council

1. Introduction to the Independent Remuneration Panel

- 1.1. All local authorities are required to have a members' allowances scheme, agreed locally, which makes provision for a range of allowances and expenses available to elected members. Whilst each authority approves its own scheme, legislation requires that each authority is required to appoint an Independent Remuneration Panel (IRP) to make recommendations on allowances, including the amounts payable. When agreeing its scheme of allowances, an authority must have regard to the Panel's recommendations although it is not bound by them.
- 1.2. Coventry's current Scheme of Allowances are set out in the Council's Scheme of Allowances at: <https://edemocracy.coventry.gov.uk/documents/s48871/Part%205%20-%20Members%20Allowance%20Scheme.pdf>
- 1.3. The current members of the Independent Remuneration Panel (IRP) were appointed in November 2020 by the Director of Law and Governance following consultation with the Leadership of the controlling and opposition groups in line with the Council's constitution and the Local Authorities (Members Allowances) (England) Regulations 2003.
- 1.4. In carrying out its work, the Panel reviewed information including the legal framework for members' allowances, in particular the 2003 Allowances Regulations and Guidance, information on the Council's structure and organisation, financial information, benchmarking comparisons with other authorities and information from the reports of the previous Panel.
- 1.5. The IRP has now completed its review and its recommendations are set out in this report.
- 1.6. The Members of the Panel are:
 - Isabel Merrifield, Business Manager, Coventry Cathedral
 - Les Ratcliffe MBE, TD, DL
 - Chris Stainforth, Lay Member – Governance, Coventry and Rugby Clinical Commissioning Group

2. Context

- 2.1 The national framework for Member Allowances states that an index may not run for more than four years before a further recommendation on it is sought from an independent remuneration panel.
- 2.2 All panels since the introduction of the current framework in 2000 have made recommendations supporting the principle of increasing allowances by an appropriate

index to reflect increases in costs of living and inflation over a four-year period. The previous Panel considered carefully the different types of index that could be applied, looking at national options such as the consumer price index or linking adjustments to changes in pay in the city. On balance the Panel felt that the current index - linked to the National Joint Council Scheme for local government employees - was the most appropriate in line with previous panels.

- 2.3 The Council last considered a report from an Independent Remuneration Panel in March 2017 when the scheme was updated. The Panel recommended that allowances be indexed, allowing an increase to be applied in line with local government pay awards for officers. This index covered the period April 2016 to March 2020.
- 2.4 The roles carried out by councillors and structure of responsibilities have not changed significantly since the last review and it was been agreed that this review be limited to consideration of the matter of whether allowances should continue to be indexed.

3 Scope and Methodology

- 3.1 The Panel reviewed the City Council's scheme of Member Allowances and Expenses in accordance with the provisions of the Regulations and its terms of reference covered:
 - a) To make recommendations to the City Council on whether adjustments to the level of Member allowances should be made in line with an index and if so which index and for how long in accordance with the provisions of the Local Authorities (Members Allowances) Regulations 2003 (as amended).
 - b) If application of an index is proposed, to make recommendations to the City Council whether any index should be applied retrospectively to the start of the 2020/21 financial year.
- 3.2 The Panel met in November 2020 and considered a range of information to support its work. These included:
 - Background information to the review, regulatory context etc.
 - Documented information
 - Information from reports of previous Independent Remuneration Panels
 - Current Council Member structure
 - Current Allowances Scheme
 - Benchmarking information about other comparative authorities' schemes
- 3.3 In undertaking its work, Panel members have had regard to the legislation and guidance on Member Allowances in terms of the scope of its work, the elements of the scheme which it was being asked to address and the underlying philosophy.
- 3.4 The guidance states that it is important that some element of the work of councillors continues to be voluntary – that some hours are not remunerated. This must be balanced against the need to ensure that financial loss is not suffered by elected members and to ensure that despite the input required people are encouraged to come forward as elected members and that their service to the community is retained. Ensuring representation from a broad section of society is an important objective for local democracy.
- 3.5 Like its predecessors, the Panel has also been acutely aware of the sensitivity surrounding payments to councillors and the financial constraints placed on local authorities, particularly in the light of the current pandemic. In making its

recommendation, the Panel has sought to take a balanced view of these important but sometimes conflicting pressures.

- 3.6 While it was not asked to look at the individual elements of the scheme, the Panel did review the findings of the previous Panel, together with updated benchmarking information which compared the types and levels of allowances paid by Coventry City Council with those paid by neighbouring West Midlands Metropolitan Councils and others across the country who are statistically similar to Coventry. The Panel was assured that the basis of the scheme and the levels of allowances paid remain sound in comparison to other similar authorities and more information about the information considered is shown in appendix A.

4 Annual Adjustment of Allowances

- 4.1 The regulations governing schemes of allowances allow for adjustments to the level of allowances in line with an index. The Panel can recommend which index should be used and for how long the index should apply, subject to a maximum of four years. After this period, the regulations require that the issue of indexation should be reviewed. The terms of reference for this review asked the Panel to decide whether an index should continue be applied to the scheme of allowances, and if so which and for how long. The Panel was also asked to consider whether any amendments should be applied retrospectively to the start of the 2020/21 financial year.
- 4.2 The Panel noted that since its introduction, Coventry's scheme of allowances has included provision for allowances to rise by an index. This has meant that councillor allowances have risen in line with pay increases made to local government employees on a specific spinal point on the National Joint Council Scheme for local government.
- 4.3 The Panel asked about the financial impact on the authority and noted that inflationary impact of pay awards agreed via the National Joint Council for Local Government Services is provided for as part of Council's medium-term financial strategy planning each year.
- 4.4 The Panel accepted the principle that allowances should continue to be increased by an index and noted that the majority of comparator authorities do so. They discussed the other types of index that could be applied but it was clear that the existing index which aligns increases in allowances to any increase in the pay of local authority employees remains the most appropriate for a number of reasons including that it is negotiated outside of the City Council and avoids creating any difference between Member and Officer arrangements from year to year.
- 4.5 The Panel considered the period for which the index should be applied and agreed that it should continue to run concurrently from the point at which the previous index expired for a period of four years.

5 Recommendations

- 5.1 That the Basic, Special Responsibility, co-optee and civic allowances be increased each year by any percentage increase in pay agreed for local government employees, (pegged to spinal column point 43 of the NJC scheme); this indexing to be effective from 1 April 2020 and expire on 31 March 2024.

6 Financial Implications of Recommendations

- 6.1 The inflationary impact of pay awards agreed via the National Joint Council for Local Government Services is provided for as part of Council's medium-term financial strategy (MTFS) planning each year. This applies to both members' allowances and officer pay.

7 Review Implementation

- 7.1 In considering the Panel's report the Council must have regard to the recommendation of the Panel but may reject any of them. Should the Council amend or reject any recommendations, it should consider the implications of such decisions, including the impact on the overall financial position.
- 7.2 Recommendations that are approved will need to be incorporated in a revised scheme of allowances and expenses to be published within the Council's constitution.
- 7.3 Any amendment to the indexing arrangements will cover the period from April 2020 to March 2024.
- 7.4 The Panel noted the timing of this review which has taken place after the end of the period covered by the previous index. While recognising the pressures at the start of the year caused by the pandemic, the Panel proposed that the next review be scheduled prior to the end of the 2023/24 financial year and that consideration is given to a full review of allowances given that on this occasion the Panel only considered the indexing aspects of the scheme.

Benchmarking Information

In considering the question of whether an index should continue to be applied to Member Allowances, the Panel reviewed benchmarking information which compared the levels and types of allowances paid in Coventry with those in other similar authorities. The other authorities selected for comparison were the other West Midlands Metropolitan Authorities and local authority areas that are identified by the Chartered Institute of Finance and Accountancy as being statistically the most similar to Coventry.

Extracts of the information considered by the Panel relating to the levels of allowances paid by other authorities are shown below. While the framework for Member Allowances is common to all, local authorities are free to apply this to suit local circumstances which means that not all elements of the schemes are directly comparable. Local authorities have their own political management structures which means that decision-making bodies operate in different ways and this is reflected accordingly in roles and responsibilities. In addition, local authorities present information in different ways and update their published information at different times in the year. Where information is not readily available or cannot be appropriately compared, gaps have been left.

Summary of Benchmarking Information – Basic Allowance

West Midland Metropolitan Councils	
Coventry	£14,102
Birmingham	£17,954
Dudley	£9,395
Sandwell	£11,049
Solihull	£9,750
Wolverhampton	£9,531
Walsall	£11,369
Average	£11,879

CIPFA Nearest Neighbours for Coventry	
Coventry	£14,102
Bolton	£11,644
Bradford MBC	£13,042
Derby	£10,076
Dudley	£9,395
Kirklees	£13,627
Medway	£10,585
Oldham MBC	£9,976
Peterborough	£10,508
Rochdale	£10,451
Sandwell	£11,049
Sheffield	£12,339
Wolverhampton	£9,531
Walsall	£11,369
Average	£11,264

Summary of Benchmarking Information – Executive, Opposition and Scrutiny

Authority	Leader	Deputy Leader	Leader of the largest opposition group	Deputy Leader of opposition	Cabinet Member	Deputy Cabinet Member	Scrutiny Co-ordination Chair	Scrutiny Co-ordination Dep Chair	Scrutiny Chairs
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West Midland Metropolitan Councils:									
Coventry	£25,383	£18,328	£5,202	£2,601	£11,283	£3,835	£11,283	£2,823	£7,054
Birmingham	£54,288	£43,430	£16,286	£7,600	£27,144		£13,572		
Dudley	£21,807	£11,513	£4,363	£1,535	£6,908		£4,606	£1,535	£4,606
Sandwell	£27,340	£24,605	£6,834		£16,405		£9,105	£5,256	£9,105
Solihull	£23,567	£11,312	£9,427		£9,427		£7,541		
Wolverhampton	£25,000	£20,000	£15,000	£2,500	£15,000		£15,000	£2,500	£10,000
Walsall	£23,298	£15,214	£7,529		£11,660		£7,579		£7,579
Average	£28,669	£20,629	£9,242	£3,559	£13,975	£3,835	£9,812	£3,029	£7,669

CIPFA Nearest Neighbours for Coventry:									
Coventry	£25,383	£18,328	£5,202	£2,601	£11,283	£3,835	£11,283	£2,823	£7,054
Bolton	£31,294	£18,775	£10,555	£6,333	£12,251	£7,140			£5,100
Bradford MBC	£37,056	£18,528	£25,939	£16,675	£25,939		£12,970		£12,970
Derby	£30,229	£22,672	£7,557	£3,779	£15,115		£7,557	£1,889	£7,557
Dudley	£21,807	£11,513	£4,363	£1,535	£6,908		£4,606	£1,535	£4,606
Kirklees	£25,658	£19,243	£10,016	£7,512	£12,519		£11,267		
Medway	£31,754	£21,169	£12,702	£6,351	£15,877		£10,585	£3,705	
Oldham MBC	£29,929	£20,951	£14,965	£5,986	£17,958	£7,482	£8,978		
Peterborough	£31,524	£21,017	£7,881		£15,762	£7,575			£7,881
Rochdale	£31,353	£15,677	£10,850		£14,109			£7,838	
Sandwell	£27,340	£24,605	£6,834		£16,405		£9,105	£5,256	£9,105
Sheffield	£19,091	£9,545	£7,891		£7,891		£7,891		£7,891
Wolverhampton	£25,000	£20,000	£15,000	£2,500	£15,000		£15,000	£2,500	£10,000
Walsall	£23,298	£15,214	£7,529		£11,660		£7,579		£7,579
Average	£27,908	£18,374	£10,524	£5,919	£14,191	£6,508	£9,711	£3,649	£7,974

Summary of Benchmarking Information – Committees, Panels and Co-optees

Authority	Audit Chair	Audit Deputy Chair	Planning Chair	Planning Deputy Chair	Licensing Chair	Licensing Deputy Chair	Ethics Chair	Fostering Panel Member	Adoption Panel Member	Co-optee
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West Midland Metropolitan Councils:										
Coventry	£7,054	£2,823	£7,054	£2,823	£7,054	£2,823	£1,095	£2,823	£2,823	£511
Birmingham	£5,429		£16,286		£16,286					£1,061
Dudley	£4,606	£1,535	£4,606	£1,535	£4,606	£1,535				
Sandwell	£9,105		£10,936	£5,468	£10,936	£5,468	£9,105	£5,468	£5,468	
Solihull	£804		£7,541		£3,771		£3,771	£2,829	£2,829	
Wolverhampton	£10,000	£2,500	£15,000	£5,000	£15,000	£5,000				
Walsall	£7,579		£7,579		£4,737					
Average	£6,368	£2,286	£9,857	£3,707	£8,913	£3,707	£4,677	£3,707	£3,707	£786

CIPFA Nearest Neighbours for Coventry:										
Coventry	£7,054	£2,823	£7,054	£2,823	£7,054	£2,823	£1,095	£2,823	£2,823	£511
Bolton			£8,177	£2,813	£7,740	£2,521				
Bradford MBC	£12,970		£12,970		£12,970		£3,706	£2,965	£2,965	£597
Derby	£5,290		£7,557	£3,779	£7,557	£3,779		£1,889	£1,889	
Dudley	£4,606	£1,535	£4,606	£1,535	£4,606	£1,535				
Kirklees	£2,503		£6,260		£5,009			£116	£1,251	
Medway	£7,409		£12,702							
Oldham MBC			£8,978		£8,978					
Peterborough	£7,881		£9,457		£7,881					£250
Rochdale	£6,271									
Sandwell	£9,105		£10,936	£5,468	£10,936	£5,468	£9,105	£5,468	£5,468	
Sheffield			£5,536		£5,536	£3,182				£744
Wolverhampton	£10,000	£2,500	£15,000	£5,000	£15,000	£5,000				
Walsall	£7,579		£7,579		£4,737					
Average	£7,333	£2,420	£8,986	£3,570	£8,167	£3,473	£4,661	£2,879	£2,879	£526