

The Scheme for Payment of Members' Allowances 2020/21

Report of the Chief Fire Officer

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1 Purpose of Report

This report asks the Fire Authority to consider and agree it's 2020/21 Scheme for the Payment of Members' Allowances

2 Recommendations

The Committee is asked to note the report and consider the recommendations to

- a) Accept the amendment of members allowances as recommended by the Independent Remuneration Panel; and
- b) Accept the recommendation by the Independent Remuneration Panel to bring members travel and subsistence allowances in line with those of the Fire Authority's constituent local authorities

3 Background

On 1 May 2003 the Local Authorities (Members' Allowances) (England) Regulations 2003 came into force, which required fire authorities to establish their own schemes of allowances. This replaced the existing practice whereby Members were paid allowances for their fire authority duties by their constituent authorities.

At its Annual Meeting in July 2003 Shropshire and Wrekin Fire Authority agreed its first Scheme for Payment of Members' Allowances and since then, in accordance with the Regulations, it has agreed a Scheme each year.

4 The Constituent Authorities

The Regulations, referred to above, recommend each Scheme is reviewed every four years by an independent panel. Under the Regulations the Fire Authority, when making its scheme, must have regard to the recommendations made by the independent remuneration panels of its constituent authorities.

Telford & Wrekin Council's Independent Remuneration Panel last conducted a review of members' allowances in 2009, when it made recommendations relating to Member allowances and a number of special responsibility allowances (SRA).

Shropshire Council's Independent Remuneration Panel undertook a review in 2016, when the Fire Authority agreed not to take the Panels' recommendations in any areas, maintaining the allowance structure already in place.

5 Review of Allowances

Subsection 14.1 of the Fire Authority's Scheme states that basic and special responsibility allowances may be indexed annually, based on the National Joint Council for Local Government Services (NJC) annual pay reviews, and any percentage increase applied automatically from that date.

Subsection 14.2 provides for an annual review of travel and subsistence allowances, based on the NJC annual review or other local review.

6 Fire Authority Structure

The structure of Shropshire Fire and Rescue Authority has recently changed with the overall number of Members dropping, a reduction in the number of Committees and an increase in delegated responsibilities.

The number of Members has been reduced from 17 to 15. The number of Committees has dropped from 3 to 2. These numbers, whilst not dramatic reductions, place greater delegated powers to the committees from the full Authority requiring those remaining Members to take greater responsibility in their respective Committee functions.

The changes to the Fire Authority (FA) structure were carefully considered to ensure the maintenance of proportionate political representation across the County, with democratically elected representatives maintaining the high levels of service and strong links with the communities of Shropshire whilst creating a more effective Committee structure, allowing greater flexibility and agility of decision-making.

Following this recent restructure of the Fire Authority and its associated Committees, and the duration since the last review of the Scheme, it was agreed by the Authority to approach Telford & Wrekin Council to utilise their Independent Member Remuneration Panel.

There has been no review of Fire Authority Member allowances since 2016 and that review itself was only an endorsement of the previous report in 2009/10, with Members agreeing not to take any increases due to the financial climate at that time, beyond the Annual National Joint Council Pay rise increases. These have equated to less than 1% per year (8.5% over 10 years).

7 The Independent Remuneration Panel (IRP)

The independent Member Remuneration panel from Telford & Wrekin Council, consists of external professionals from a range of sectors who were presented with relevant details of the roles and functions of the Fire Authority and its Committees. They collected comparative data from similar sized Fire Authorities as shown at Appendix A of their report (attached at Appendix to this report).

The Panel recognised that the total Governance budget for the Authority in 2009 was £70,854.

The Remuneration Panel identified similar sized Fire Authorities and made comparisons across each of the functions, roles and responsibilities of all of these, concluding this Authority's allowances generally fell below the average of the group and recommending an uplift across each of the roles. The uplift was calculated against the value of allowances in 2009 and current allowance values.

These increased allowances were still below the upper quartile of the comparator group, but realistically reflected the increase in responsibility of the roles and the expectation of Member engagement and activity in the leaner structure.

The final range of allowances equated to a total budget cost of £71,640, only a slight increase on the 2009 budget costs.

The recommended uplift in allowances have been considered across all roles in the Authority, with an increase in existing Member roles from £2884 to £3290.

A relative increase for both the Chair and Vice-Chair is proposed and there is a recommendation to establish a new allowance for the Chairperson of each Committee in recognition of the additional responsibilities of these Committees in the new structure.

The Independent Panel also reviewed the Travel and Subsistence allowances, noting that Members have not requested any increase since 2009.

The recommendation of the Panel was to amend the existing Fire Authority travel and subsistence allowances and align with the local authority travel subsistence schedules. This would be consistent with Members claiming any expenses in accordance with their own local authority.

Key Findings of the IRP Report

- (1) The Basic Allowance should be set at £3,290
- (2) The Chair's SRA should be set at £12,000
- (3) The Vice Chair's SRA should be set at £6,000
- (4) The SRA for the main Opposition Spokesperson should be set at £3,290 (with leaders of other substantial groups receiving half this amount)
- (5) SRAs of £2,000 should be introduced for the Chairs of the Strategy and Resources Committee and the Standards, Audit and Performance Committee.
- (6) Allowances should be upgraded every year, using the criterion of the NJC firefighters pay award.
- (7) The travel and subsistence provisions of either Telford & Wrekin Council or Shropshire Council should be adopted by Shropshire and Wrekin Fire and Rescue Authority, including the provisions for childcare and disability care. Reimbursement of expenses should be dependent on the production of the relevant receipts.

The total cost of the package of allowances proposed is £72,285.

The nominal 'rate of pay', assuming that half the hours spent by members should be regarded as voluntary, and hence unpaid would be £20 per hour for Authority members who are not office-holders (assumed input - 10 hours a month) and £25 per hour for the Chair of the Authority (assumed input – 40 hours a month).

8 Financial Implications

Although there may be financial implications arising from the amendments to the special responsibility allowances, it is possible to contain these within existing budgets, as they are minimal, equating to an annual increase of £786.00.

9 Legal Comment

Under the Local Authorities (Members' Allowances) (England) Regulations 2003 the Fire Authority is required to establish annually a scheme to provide for the payment of a basic annual allowance to each of its Members. That scheme may also provide for the payment of special responsibility allowances and travel and subsistence allowances.

In having regard to an index (NJC) for the purpose of annual adjustment to allowances, this index can only be relied upon for a period of up to 4 years after which time further recommendation would have to be sought from an independent remuneration panel in respect of the application of an index to the members allowance scheme.

Arrangements for the publication of the scheme shall be made as soon as reasonably practicable after the making or amendment of the scheme.

10 Appendix

Members Allowances: Report of Independent Remuneration Panel
November 2019.

11 Background Papers

Office of the Deputy Prime Minister

1 May 2003 Local Authorities (Members' Allowances) (England)
Regulations 2003

Shropshire Fire and Rescue Authority

Members Allowances

Report of the Independent Review Panel: November 2019

Background

- 1.1. The Independent Review Panel (IRP) for Telford and Wrekin Council, which comprises the Chair, Steve Leach (Emeritus Professor of Local Government , De Montfort University), Graham Wynn (local businessman and Chair of the Marches Local Enterprise Partnership) and Caro Hart (Chief Executive Officer of Citizens Advice, Telford and Wrekin) was requested by the Shropshire and Wrekin Fire and Rescue Authority (FRA) to act as the IRP for the FRA to carry out a review of its members allowances scheme. The Panel met on November 5th 2019, at the Fire and Rescue Authority Headquarters in Shrewsbury, where it heard evidence from Rod Hammerton, the Chief Fire Officer and Councillor Eric Carter, the Chair of the Authority. The Panel wishes to express its thanks to Anthea Lowe, of Telford and Wrekin Council and Lynn Ince of the Shropshire and Wrekin FRA for facilitating the meeting and providing helpful background information.
- 1.2. To inform its deliberations, the Panel studied the two previous IRP panel reports issued in 2009 and 2016 respectively (the 2016 reported was a brief document which did little more than endorse the status quo). It considered the 5 responses to the questionnaire which had been sent out to all 15 members of the Authority the previous month. It collected comparative information on members allowances paid in other FRAs, focusing on those authorities similar in population size and urban/rural balance to Shropshire and Wrekin. The implications of recent changes in the committee structure of the Authority were also explored.
- 1.3. The principles adopted by the Panel, in developing its recommendations were as follows:(1) the assumption that 50% of the time put in by authority members should be considered as voluntary, with the other 50% eligible for allowances payments: (2) that allowances specified in Shropshire and Wrekin should be broadly comparable with those in similar authorities: (3) the allowances system should be constructed so as to facilitate as wide a diversity (age, sex, ethnicity) of members of the authority as possible (4) Special Responsibility Allowances should be limited to one per member, in the case of a member holding more than one position which qualifies for an SRA: and (5) unless the wider financial context suggests otherwise, it is desirable to at least restore the real value of members allowances to that pertaining at the onset of the recent period of public sector austerity in 2010.
- 1.4. Of these principles, it was made clear to the Panel that there was little the authority could do to implement principle (3). Nominations to the FRA are made by the two constituent local authorities through party political channels and are hence outside the control of the authority itself.
- 1.5. The Panel was briefed on the current political context in which the Shropshire FRA operates. In 2017, what is referred to as ‘a hostile takeover bid’ was made by the Police and Crime Commissioner of West Mercia, which would, if successful, result in the abolition of the FRA. This bid was approved by the Home Secretary in 2018. The FRA was successful in securing permission to judicially review the Secretary of State’s decision in this respect. Whilst the

Court did find that the process adopted by the Secretary of State was flawed, judgment was granted in favour of the Secretary of State on technical grounds. The FRA has taken further steps to challenge both the decision of the Court and the Secretary of State's decision and a final judgment is expected in 2020. In the meantime, the FRA has received a 'good' report from the Inspectorate of Constabulary and Fire and Rescue Services. There has also been a good deal of joint activity at member and officer level, exploring the scope for co-operation between the Shropshire and Wrekin and Hereford and Worcester FRAs, with a view to improving the cost-effectiveness of the service throughout the area. With the review of the Integrated Risk Management Plan also recently launched, it has been an untypically busy time for the authority's members, particularly its Chair and Vice-Chair.

- 1.6. The reorganisation of the authority's decision-making structure, which took place earlier this year involved the setting up of two new committees: 'Strategy and Resources' and 'Standards, Audit and Performance', to both of which have been delegated responsibilities previously held by the FRA itself (the other elements of the new structure, the Panel was informed, did not exercise such responsibilities). This change raises the issue of whether SRAs should be allocated to the chairs of these two committees, a question which is discussed in the following section.

Analysis

- 2.1. In the 2009 Panel report, the recommendations (subsequently agreed by the FRA) were that the basic allowance should be increased to £2,658: the Chair's allowance to £10,000; that of the Vice-Chair to £5,000; and that of the Leader of the main Opposition Group to £2,658. There were also an SRA of £2,658 allocated to the Chair of the SRWPG, a body which has since been discontinued, and of £1,000 to the individual members of this working group, involving a total additional expenditure of £8,658. The total allowances budget in 2009 came to £70,854.
- 2.2. Unlike Telford and Wrekin Council, which operated a total freeze on members allowances between 2010 and 2019, the Shropshire and Wrekin FRA did update members allowances on an annual basis, using the criterion of the NJC pay award to firefighters. On this basis, the basic allowance and the SRA of the principal opposition spokesperson has risen to £2,884 – the current level – by 2019 and the SRAs of the Chair and Vice-Chair to £10,852 and £5,425 respectively. In each case there has been a percentage increase of 8.5%. The panel calculated that the best estimate of the loss in real value of members allowances between 2009 and 2019 was 20%. The implication is that a further increase of 12.5% in the current allowances would be needed to restore their 2009 value
- 2.3. As a result of the reduction of the size of the authority from 17 to 15 in 2017 and the discontinuation of the two committees which existed in 2009, the total members allowances budget in 2019 is £63,421, a net reduction of 12%.
- 2.4. Details of members allowances in 14 other FRAs were accessed. Of these, 10 were identified as similar enough to Shropshire and Wrekin in terms of population size and urban/rural balance to be appropriate to use for comparative purposes. The relevant data is summarised and averaged out in Appendix 1. The average basic allowance for the ten FRAs concerned is £2,637, which is close to, but slightly below Shropshire and Wrekin figure of £2,884. The SRAs for chairs and vice-chairs average out at £13,051 and £6,492 respectively. The Shropshire and Wrekin figures of £10,852 and £5,425 are significantly below these averages.

SRAs for Opposition spokespersons where data is published (6 of the 10) authorities average out at a figure close to the allowance paid in Shropshire and Wrekin.

- 2.5. Of the adjacent and not dissimilar FRA areas adjoining Shropshire, Hereford and Worcester are noticeably less generous in their allowances (vice chair SRAs excepted), whilst the Cheshire allowances are significantly more generous, perhaps reflecting Cheshire's larger population size.
- 2.6. Most of the comparator FRAs have a committee structure not dissimilar to that adopted by Shropshire and Wrekin. SRAs of £2,000-2,500 appear to be the going rate for such positions.
- 2.7. The prevailing view expressed in the responses to the members questionnaire was that the current allowances levels were broadly satisfactory and required only minor modifications. Two responses felt that allowances should be adjusted to ensure that they had kept pace with inflation since the last major review (2009), a view with which the panel in principle agreed. The time commitment identified by members ranged from 40-50 hours a month (the Chair) to 10 hours per month (non-office holders).

Conclusions and Recommendations

- 3.1. It was clear to the Panel that the Chairs of the newly-formed 'Strategy and Resources' and 'Standards, Audit and Management' committees should be allocated SRAs. These committees were exercising responsibilities devolved from the FRA meetings. It was standard practice in other FRAs to do so. There may be a case for the SRA for the former being higher than that of the latter, but no evidence was presented to the Panel that would have justified making such a recommendation. Its proposal is that the chairs of both committees should attract an SRA of £2,000, which is close to the average amongst comparative authorities.
- 3.2. In the light of one of the principles underlying the Panel's work, namely that, if financially feasible, all allowances should be upgraded at least to a level which restored their real value in 2009, the financial implications of so doing were explored. A 20% increase the basic allowance would raise it from the 2009 figure of £2,658 to £3,290, as compared with the current figure of £2,884 (an increase which also applies to the lead opposition member. The equivalent outcomes of a 20% increase for chair and vice chair would imply an uprating of the 2009 SRAs from £10,000 and £5,000 to £12,000 and £6,000 respectively (compared with the existing figures of £10,852 and £5,425 respectively). If the new allowances proposed for the committee chairs are added in, the overall allowances budget would become £71,640, a figure which is only very slightly higher than the overall allowances budget for 2009 of £70,854.
- 3.3. Can these proposed increases be justified? In the panel's view, they can. It was noted in 1.5 above how the responsibilities of the authority, and, in particular, those of the Chair and Vice Chair have been particularly demanding in recent years, not least in responding to the hostile takeover bid from the West Mercia PCC. To raise their SRAs to £12,000 and £6,000 respectively brings them closer to the average for the group of comparable authorities, although they remain below the average figures. The proposed basic allowance increase would result in a figure £550 above the group average. However, the proposed increase would simply maintain the real value of the 2009 allowance, rather than increasing its real value. In addition, there are now two fewer FRA members than there were in 2009, which implies an increased workload for this smaller number.

- 3.4. The other matter which was drawn to the Panel's attention was that of travel and subsistence expenses. The FRA has chosen not to increase subsistence, and indeed most other such allowances since 2009, a commitment endorsed by the 2016 Panel in its brief report. This standpoint was a commendably public-spirited response to the climate of austerity in which local government has operated over this ten-year period. But it has recently caused problems, particularly in finding suitable hotel accommodation in London for conferences and other meetings. During the past year, it has increasingly been the case that accommodation has been booked in advance by administrative staff at Fire and Rescue HQ, rather than being dealt with by individual FRA members, particularly in relation to overnight accommodation in London. The Panel felt that this practice was to be commended and should where possible be extended. But the 20% decline in the real value of travel and subsistence allowances since 2009 should also be addressed. The Panel's recommendation is that the schedule of travel and subsistence allowances which currently operates in either Shropshire or Telford and Wrekin Councils should be adopted by the FRA (the schedules are likely to be very similar). This would introduce an element of consistency into the scheme: FRA members would be able to claim levels of expenses similar to those which are available in their own local authority.
- 3.5. The Panel was also of the view that repayment of expenses (when not booked in advance) should be made on production of a receipts, within the maxima specified for a particular category, rather than by the allocation of a lump sum (e.g. the present practice that £140 can be claimed for overnight accommodation in London, irrespective of the costs actually incurred). This change would helpfully increase the transparency of the process of reclaiming travel and subsistence expenses.
- 3.6. Finally, the current practice, whereby the basic allowances and SRAs are increased at the start of each municipal year in line with the NJC Firefighters pay award, should be continued.

Summary of Recommendations

- (1) The Basic Allowance should be set at £3,290
- (2) The Chair's SRA should be set at £12,000
- (3) The Vice Chair's SRA should be set at £6,000
- (4) The SRA for the main Opposition Spokesperson should be set at £3,290 (**see Appendix B**)
- (5) SRAs of £2,000 should be introduced for the Chairs of the Strategy and Resources Committee and the Standards, Audit and Performance Committee.
- (6) Allowances should be upgraded every year, using the criterion of the NJC firefighters pay award.
- (7) The travel and subsistence provisions of either Telford & Wrekin Council or Shropshire Council should be adopted by Shropshire and Wrekin FRA, including the provisions for childcare and disability care. Reimbursement of expenses should be dependent on the production of the relevant receipts.

The total cost of the package of allowances proposed is £71,640. The nominal 'rate of pay', assuming that half the hours spent by members should be regarded as voluntary, and hence unpaid (see 1.3) above) would be £20 per hour for FRA members who are not office-holders (assumed input - 10 hours a month) and £25 per hour for the Chair of the authority (assumed input – 40 hours a month). These rates seem by no means excessive!

Appendix A: Comparative Data on Members Allowances for selected FRAs

Authority	Basic	Chair	Vice Chair	Committee Chairs	Opposition Spokesperson
Shropshire	£2,884	£10,852	£5,425		£2,884
Hereford & Worcester	£1,116	£9,049	£5,429	£1,357	£1,357
Devon & Somerset	£2,733	£12,480	£6,915	£4,160	
Cheshire	£4,160	£13,686	£6,844	£2,737 / £1,579	
Humberside	£4,457	£11,137	£8,356	£561	
Beds	£3,346	£13,385	£5,019	£1,033	
Durham & Darlington	£1,158	£10,367	£6,595	£1,064	£1,738
Derbyshire	£3,187	£14,000	£8,460	£3,000	£3,000
Bucks & Milton Keynes	£1,247	£12,459	£4,775	£5,100 / £1,680	£3,788
Dorset & Wilts	£3,200	£9,600	£4,800	£3,200 / £1,600	
Mid Wales	£1,715	£10,415	£5,208		
AVERAGES (excluding Shropshire	£2,637	£13,051	£6,492	£ c 2,500	£ c 2,500

Notes

All figures are from published information from 2016 onwards. Some allowances may have been marginally increased since.

Appendix B: Edit 30/03/2020

The further addendum/ information was provided by Professor Leach to clarify the position with regards to allowances for Leaders of Political Groups;

It has recently come to the Panel's attention that, in addition to the main Labour opposition group on the authority, there is now also a smaller Liberal Democrat opposition group with three members. Although practice varies, it is not uncommon for Independent Review Panels to recommend that an SRA should be allocated to the leader of a group of this size. The Panel recommends that the SRA for this position should be set at half that of the leader of the larger opposition group, i.e. £1,645. This would mean that the overall budget for members allowances in the authority would be marginally increased to £72,285. It is also recommends that if the Panel's report is not considered until the first meeting of the 2020-21 municipal year, its recommendations should be backdated to the start of that year