

By: Independent Remuneration Panel

To: County Council – 19 March 2020

Subject: MEMBERS' ALLOWANCE SCHEMES – 2019/20

Classification: Unrestricted

Summary: This report provides the Independent Remuneration Panel's response and recommendations in respect of the specific requests made by the Selection and Member Service Committee's regarding proposed changes to the Members' Allowances Scheme 2019/20.

1.0 Introduction

- 1.1 Following a meeting of the Selection and Member Services Committee on 2nd December 2019, the following recommendation was agreed:

That the Selection and Member Services Committee request that the Member Remuneration Panel convene and prepare a report for County Council on the following matters:

- (a) The appropriate level of SRA for the position of Lead Member for Partnerships reporting to the Leader;
- (b) The appropriate level of SRA, if any, for the position of Chair of the Selection and Member Services Committee;
- (c) Clarification of the wording relating to the SRA for the Leader of each Opposition Group (of at least five Members).
- (d) The appropriate level of SRA, if any, for non-executive Members appointed by the executive to support oversight and scrutiny of traded activities.”

2.0 Background

- 2.1 In respect of the above requests (a) to (d), the following context was set out in the Review of the Members' Allowances Scheme' Report prepared by Peter Oakford, Deputy Leader and Cabinet Member for Finance and Ben Watts, General Counsel.

- (a) The appropriate level of SRA for the position of Lead Member for Partnerships reporting to the Leader;** The current scheme has an SRA for the Lead Member for Traded Services and the same level as that of a Cabinet Member at 65% of the Leader's SRA. The position of Lead Member for Traded Services has been removed by the Leader. There is now a new position of 'Lead Member for Partnerships reporting to the Leader.' From the date of appointment, this role will be paid as a Deputy Cabinet Member (30% of the Leader's SRA). The Leader's wish is for this 'Lead Member' position to receive an SRA higher than that of a Deputy Cabinet Member but lower than that of a Cabinet Member.
- (b) The appropriate level of SRA, if any, for the position of Chair of the Selection and Member Services Committee;** There is no SRA for the Chair of the Selection and Members Services Committee currently. As the governance of KCC develops in the near future, it is intended to develop and enhance the role of the Selection and Member Services Committee and thus the responsibility of the Chair. The Leader's wish here, is to amend the scheme so that the Chair receives an SRA in line with that made to the appropriately equivalent Chairs of other Committees.
- (c) Clarification of the wording relating to the SRA for the Leader of each Opposition Group (of at least five Members);** The current scheme gives the Leader of each Opposition Group (of at least five Members) £7,675.84 plus £607.65 for each additional Group Member. This has been interpreted in the past as meaning the number of additional Group Member payments equals the number of Group Members minus 1 (the one being the group leader), subject to there being at least five Members in the Group. However, the wording is ambiguous and could be interpreted to mean that there are only additional payments made for each Group Member over the number of five (so that the Leader of a Group with exactly 5 Members would get the basic £7,675.84 only, and not four additional payments as would be current practice). The Selection and Member Services Committee's wish is to add a few words to the Scheme to clarify KCC practice rather than change the practice.
- (d) The appropriate level of SRA, if any, for non-executive Members appointed by the executive to support oversight and scrutiny of traded activities;** The Council has recently reviewed the governance arrangements for the trading companies that KCC wholly owns. As part of that process, the Council has established a holding company (Kent Holdco Ltd) to control and manage our investments on a commercial basis. The Council exercises our interest in Kent Holdco Ltd through reserved matters and the activities of the Shareholder Board. Given the deletion of the Cabinet Lead for Traded Services, the Executive is keen to utilise the commercial expertise of non-executive Members. It is therefore proposed that the Member Remuneration Panel be approached to provide a view in relation to any allowances for additional roles were they to be created to support the Executive discharging these responsibilities given the potential for considerable additional work and responsibility. The question is whether the current scheme needs to be amended to allow for such an SRA.

3.0 Independent Remuneration Panel – Considerations

- 3.1 To enable the Panel to better understand the Selection and Member Services Committee's requests, further supporting information was sought to articulate the rationale underpinning the matters identified for consideration. The supporting information provided by Benjamin Watts, General Counsel and Monitoring Officer is set out below along with the Panel's comments.
- 3.2 The Panel recognise that the Selection and Member Services Committee's requests for consideration, involve a potential increase to the number of SRA's currently in payment i.e. from 39 to 44. This would have the effect of increasing the number of SRA's from 48% to 54%, which will equate to more than half of the total elected County Councillors, being in receipt of an SRA (44/81). Notwithstanding, the SRA for the Lead Member for Partnerships which is already in place, and based on the SRA of the previous Lead Member for Traded Services, the cost of the additional requested SRA's would total £11,953.13. The Council's Chief Finance Officer (Section 151 Officer) has confirmed that the cost of the financial changes is affordable. Also, if it transpires that the Lead Member for Partnerships SRA is reconfigured to an amount between that of a Cabinet Member and Deputy Cabinet Member, overall the financial increase would be minimal.
- 3.3 **(a) The appropriate level of SRA for the position of Lead Member for Partnerships reporting to the Leader**

In October 2019, the new Leader of the Council appointed his Cabinet and added to his Cabinet a new role of Lead Member for Partnerships reporting to the Leader. This reflected a change in his priorities from his predecessor and resulted in the deletion of the post of Cabinet Lead for Traded Services which was subsumed into the Deputy Leader portfolio (see below for further information).

The Leader was concerned to ensure that relationships, primarily with Borough, District and Medway Council were strengthened to ensure improved outcomes for the people of Kent and to make sure that different authorities are able to work together effectively with local government finances at critical levels and the new Governments wish to proceed with devolution.

The Leader appointed Mr Hotson to this role who had been the Leader of Maidstone Borough Council in the past, recognising the importance of an understanding of the different roles and needs of those in other tiers of government locally.

The responsibilities of the role have included meeting all borough, district and unitary Leaders and their Cabinets to hear what was good, bad and indifferent with all 13 authorities during November and December. The role is a strategic support to the Leader and given the interaction with other Councils at a

strategic level merits an additional SRA beyond that of a Deputy Cabinet Member. The Leader receives direct reports in detail on the comments, concerns and suggestions from the meetings and the role feeds into the Cabinet on this important priority. The level of accountability and responsibility is not that of a Cabinet Member but it does exceed the expectations of a Deputy Cabinet Member in terms of role, expertise, responsibility and time commitment.

The role also liaises with senior officers and in due course opposition Leaders with a continual dialogue between established Group Leader meetings both inside and outside the Council.

The holder of the role is also required to attend national and county meetings on behalf of the Leader when he is not available i.e. County Councils Network and liaising with the board of KALC (Kent Association of Local Councils, representing parish councils), the Chief Executive of the Fire Authority with the aim of working closer for the benefit of all.

3.4 Supplementary information for the above: Lead Member for Traded Services

The Leader has removed this post from his current structure. The Member Remuneration Panel previously assessed and valued the role at equivalence to the role of Cabinet Member. The Monitoring Officer has suggested that the role has changed significantly with the introduction of the Holding Company overseeing these services and were it to be re-introduced that it should be subject to a fresh assessment by the MRP. Before confirming this, the Monitoring Officer has asked that the MRP are consulted for their views to confirm they are content with this approach.

Having considered the initial and supporting information provided, the Panel agree that the SRA for the new Cabinet role of Lead Member for Partnerships should be re-configured to reflect the scope and responsibility of the new Lead Member for Partnerships role. In determining the level of SRA to be awarded the Panel have taken into account the comments of the Monitoring Officer, which set out the following in respect of the Lead Member for Partnerships role:

'The level of accountability and responsibility is not that of a Cabinet Member but it does exceed the expectations of a Deputy Cabinet Member in terms of role, expertise, responsibility and time commitment.'

The panel are given to understand that the Lead Member for Partnerships role is unique to Kent County Council. Therefore, it has not been possible to draw any comparisons with other similar County Councils, regarding this type of role and respective level of SRA paid.

The current SRA's in place for Cabinet Members is based on 65% of the Leader's SRA. Each Cabinet Member receives an SRA of £33,262.80. The current SRA's in place for Deputy Cabinet Members is based on 30% of the Leader's SRA and each Deputy Cabinet Member receives an SRA of £15,531.69. To reflect the anticipated scope, expertise, responsibility and time commitment of the new Lead Member for Partnerships role, the Panel agree an SRA based on 45% of the Leader's SRA. This will mean that if the Panel's recommendation is endorsed, the Lead Member for Partnerships will receive an SRA of £23,028.81.

3.5 **(b) Chairman of Selection and Member Services Committee**

In recent years, the role of Chairman of Selection and Member Services Committee has been a very limited one. There have not been many meetings and those meetings that have taken place have largely been procedural or lacking complexity. The change in Leadership has led to a reduction in the number of informal Member groups. To provide visibility and transparency on that activity, the outcomes will now be presented to a refreshed Selection and Membership Services Committee.

At the same time, as part of changes to the Council's Constitution, the Council's Monitoring Officer was keen to see an increased level of oversight in relation to a number of areas of Member activity. Firstly, the outputs of the Member Constitution Working Party need to be reported formally and regularly to the S&MS Committee which will see a number of important and detailed governance discussions in the coming year. Secondly, good governance suggests that there should be scrutiny on Member grant spending which will amount to circa £3m in 2020/21. The refreshed guidance in this regard needs to be considered and approved and then S&MS will have an ongoing role in supporting transparency and oversight of this considerable spend. The Monitoring Officer is also of the view that governance could be improved through the formal consideration by Members of a number of issues that would benefit from transparency and accountability for all involved. This will provide an opportunity for all Members to attend and speak on issues that affect them as a Member and for the administration and recording of outcomes to be done efficiently and in accordance with the necessary rules. Issues would include Member Training, ICT for Members, resources and support for Members, planning of meetings, briefings and the member section of KNet.

In short, the S&MS Committee is about to become extremely busy with a range of challenging and important conversations that in the view of the Monitoring Officer bear equivalence or even greater responsibility and importance to the Committees where Chairmanship attracts an SRA. It is therefore asked that the MRP consider this.

- 3.6 The panel agree in principle with the award of an SRA to the Chair of the Selection and Member Services committee, based on 17.5% of the Leader's SRA. However, the rationale for payment of this proposed SRA, is based on

what may potentially or likely emerge as part of future additional workstreams for the Selection and Member Services Committee Chair. The Panel are of the opinion that the SRA should only be payable on a pro rata basis, for planned, ongoing additional workstreams and the actual additional work undertaken or in hand. This proposed SRA should be reviewed on a quarterly basis to reflect the additional work completed and any decrease in the levels of activity.

3.7 (c) Clarification of the wording relating to the SRA for the Leader of each Opposition Group (of at least five Members);

The current scheme gives the Leader of each Opposition Group (of at least five Members) £7,675.84 plus £607.65 for each additional Group Member. This has been interpreted in the past as meaning the number of additional Group Member payments equals the number of Group Members minus 1 (the one being the group leader), subject to there being at least five Members in the Group. However, the wording is ambiguous and could be interpreted to mean that there are only additional payments made for each Group Member over the number of five (so that the Leader of a Group with exactly 5 Members would get the basic £7,675.84 only, and not four additional payments as would be current practice). The wish is to add a few words to the Scheme to clarify KCC practice rather than change the practice.

3.8 The Panel recommend the following text along with the table below, which sets out the current working example to clarify the award of the SRA payable to a Leader of an Opposition Group:

The Leader of an Opposition Group is entitled to receive an SRA based on 15% of the Leader's SRA, providing the following criteria is satisfied:

The Opposition Group must comprise a minimum of five members, one of which will be the appointed Opposition Group Leader. In these circumstances, the Opposition Group Leader is entitled to receive an SRA based on 15% of the Leader's SRA. Excluding the Opposition Group Leader, an additional sum of £607.65 will be available for each of the other Group Members (i.e. a minimum of four), which may be allocated amongst these Group Members by each Opposition Group Leader at their discretion, to recognise any specific responsibilities undertaken.

At present there are two Opposition Groups who comprise a minimum of at least five Group Members. The Liberal Democrat Group who have a total of seven Members and the Labour Group who have a total of five Members.

Liberal Democrat Group	SRA and additional payments
Seven Group Members (in total)	<u>Group Leader</u> 1 x SRA payment of £7,675.84

	(based on 15% of the Leader's SRA) <u>Other Group Members</u> 6 payments of £607.65
Labour Group	SRA and additional payments
Five Group Members (in total)	<u>Group Leader</u> 1 x SRA payment of £7,675.84 (based on 15% of the Leader's SRA) <u>Other Group Members</u> 4 payments of £607.65

3.9 (d) The appropriate level of SRA, if any for non-executive to support oversight and scrutiny of traded activities;

The Council has recently reviewed the governance arrangements for the trading companies that KCC wholly owns. As part of that process, the Council has established a holding company (Kent Holdco Ltd) to control and manage our investments on a commercial basis. The Council exercises our interest in Kent Holdco Ltd through reserved matters and the activities of the Shareholder Board. Given the deletion of the Cabinet Lead for Traded Services, the Executive is keen to utilise the commercial expertise of non-executive Members. It is therefore proposed that the Member Remuneration Panel be approached to provide a view in relation to any allowances for additional roles were they to be created to support the Executive discharging these responsibilities given the potential for considerable additional work and responsibility. The question is whether the current scheme needs to be amended to allow for such an SRA.

Shareholder Board Members

In the light of the deletion of the Lead Member for Traded Services SRA, the Monitoring Officer is reviewing the governance around Member involvement regarding the Council's trading companies. The Council operates a Shareholder Board which meets quarterly and considers detailed papers around the performance of the Council's trading companies whose combined turnover exceeds £500m per annum. The Monitoring Officer is exploring the possibility of the executive appointing up to 3 non-executive Members to support the executive in their Shareholder role in the Board. The papers and responsibilities given the Companies Act have an impact that goes beyond the purely political and a nominal SRA is sought which will enable the consideration of clearly defined roles and responsibilities beyond the political.

- 3.10 At the present time, the Panel is unable to agree an SRA for Non-Executive Board Members. However, this should be reviewed in 12-months' time when the responsibilities and volume of work involved can be quantified and effectively demonstrated.
- 3.11 In addition to the Panel's consideration of the requests made by the Selection and Member Services Committee, the Panel also discussed the Council's ongoing intention to progress as a strategic commissioning authority. As the Council's commissioning approach is further embedded the Panel agreed that the opportunities presented through commissioning should increase efficiencies leading to a potential reduction in the number and level of existing SRA's, which currently stands at 39 (48% of elected Members).
- 3.12 If the Panel's recommendations set out below are endorsed, the total SRA's will increase to 40.

4.0 Recommendations in response to Selection and Member Services Committee requests

- 4.1 In response to the requests submitted to the Panel by the Selection and Member Services Committee and the initial and follow-up information provided, the Panel sets out the following recommendations below:
- (a) The Panel recommend an SRA for the Lead Member for Partnerships based on 45% of the Leader's SRA. This takes into account the Leader's wish to configure the SRA between the SRA for a Cabinet Member and the SRA for a Deputy Cabinet Member;
 - (b) In principle, the Panel recommend an SRA for the Chair of the Selection based on 17.5% of the Leader's SRA. This is subject to planned and ongoing activities undertaken and in hand and based on a pro rata basis, reviewed quarterly;
 - (c) The wording set out below is recommended to clarify the conditions for the award of an SRA payable to an Opposition Group Leader:

The Opposition Group must comprise a minimum of five members, one of which will be the appointed Opposition Group Leader. In these circumstances, the Opposition Group Leader is entitled to receive an SRA based on 15% of the Leader's SRA. Excluding the Opposition Group Leader, an additional sum of £607.65 will be available for each of the other Group Members (i.e. a minimum of four), which may be allocated amongst these Group Members by each Opposition Group Leader at their discretion, to recognise any specific responsibilities undertaken.

(d) The Panel at this stage, do not recommend the proposal for the introduction of nominal SRA's for three Non-Executive Board Members. However, a review of this proposal is recommended in 12 months' time, whereby the responsibilities and volume of the work involved can be quantified and effectively demonstrated to assess the appropriateness of an SRA.

4.2 Other Recommendation

The Panel strongly recommends that as the Council's commissioning role expands and delivers increased efficiencies, a review of existing Members Allowances should be undertaken. This would provide a framework for maintaining the level of SRA's below 50% and reducing this percentage where possible.