

TRAFFORD COUNCIL

Report to: Standards Committee
 Date: 25 September 2019
 Report for: Decision
 Report of: Monitoring Officer and Independent Person
Report Title

Investigation into changes to Members Allowances

Summary

<p>A motion was proposed to Council on 17th July 2019, condemning the Labour Group for having reversed a voluntary reduction to their members' allowances which had been applied since 2013. Council voted pursuant to a motion without notice to refer the matter to the Standards Committee for review and to report back to Council. This report details the outcome of that review, which has been conducted by the Monitoring Officer and the Independent Person.</p>

Recommendation(s)

<p>That the Committee :-</p>

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| <ol style="list-style-type: none"> 1. Notes the contents of the report; 2. Notes that, prior to and shortly after the elections in 2018 each of the political groups was asked to confirm whether they wished to continue the voluntary reduction in members' allowances first applied in 2013/14; 3. Notes that both the Labour Group and the Liberal Democrat Group indicated that they wanted to reverse the reduction; 4. Notes that there was nothing improper in the actions of the Labour and Liberal Democrat Groups in indicating that the voluntary reduction in allowances should be reversed for their members; 5. Notes that there was no requirement that such a decision should be subject to public scrutiny as it was essentially a decision which fell to each individual member 6. Approves the proposal to add an explanatory sentence on the annual publication of Members allowances and to identify those Members who have renounced part of their allowance on the same document. |
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Background Papers:

None

Implications

Relationship to Policy Framework/Corporate Priorities	N/A
Financial	None
Legal Implications:	None
Equality/Diversity Implications	None
Sustainability Implications	None
Staffing/E-Government/Asset Management Implications	None
Risk Management Implications	None
Health and Safety Implications	None

1. **Background.**

1.1 On 17th July 2019 a motion in the following terms was proposed and seconded to Council:-

(h) Motion Submitted by the Conservative Group - Members' Allowances Increases for Labour Councillors

This Council condemns the revelation that, on 22 August 2018, the Labour Group via the Leader of the Council wrote to the Corporate Director for Finance and Systems instructing that the voluntary reduction of 1.9% applied to Members Allowances since 2013/14 be reversed.

Council notes:

- *This letter was submitted secretly with no public accountability or scrutiny of the change*
- *That the change in allowances was subsequently backdated to April 2018*
- *That the Labour group also requested this change to be applied to significant Special Responsibility Allowances, to ensure maximum personal financial benefit for Labour members*

Council finds it abhorrent and hypocritical that this Labour administration has the audacity to talk about austerity whilst at the same time:

- *increasing their own allowances, in secret without scrutiny*
- *trebling the cost of the Corporate Leadership Team to nearly £1million per annum in the last 10 months*
- *overseeing the deterioration of services in Trafford (see Children's Services) through poor leadership and management*

The Council requires every Labour member to return their increased allowance to the taxpayers of Trafford and for members' allowances to be reset to the levels stipulated in 2015/16 to be consistent for all Members (i.e. 98.1% of present full allowance).

1.2 A Motion Without Notice proposing that the issues raised by the motion be referred to the Standards Committee for review and for the Committee to report back to Council once it had had the opportunity to review the matter was subsequently moved, seconded and agreed by Council.

1.3 In order to assure members of the transparency, objectivity and independence of the subsequent review and notwithstanding the fact that this was not a formal complaint under the Standards procedures the Monitoring Officer decided to approach the Independent Persons ("IP's") and it was agreed that one of the IP's would assist in the review and that the report to the Standards Committee should be a joint report from the Monitoring Officer and the IP.

- 1.4 Given that the matter was referred to the Standards Committee pursuant to a Council motion, the Monitoring Officer and IP agreed that this was not a matter which should be considered as a formal complaint. This is a matter which the Committee has been asked to review. The Monitoring Officer and IP have approached the matter on that basis.

2. The Review

- 2.1 The Monitoring Officer and the IP have reviewed the regulations governing the position in relation to Members' allowances; the Members' Allowances Scheme; previous reports to Council; and the correspondence between the group leaders and Council officers and have established the position is as set out below.
- 2.2 Members Allowances are determined by an Independent Remuneration Panel. The Council is obliged to appoint such a panel in accordance with the Local Authorities (Members' Allowances) (England) Regulations 2003. The panel will consider the position in relation to Members' allowances and make recommendations to Council in respect of the same.
- 2.3 The Council adopted a scheme in relation to Members' Allowances, which was set out in Part 6 of the Constitution. Under Clause 7 of the Scheme a member may, by notice in writing given to the Chief Executive, elect to forgo any part of his/her entitlement to an allowance under this Scheme.
- 2.4 In 2013 the position in relation to Members' allowances was linked to austerity measures which were introduced in 2013/14 council budget. At that time staff were required to take mandatory unpaid leave as part of that year's budget savings. Members subsequently volunteered that they would take a 1.9% reduction in their allowances to show solidarity with the staff.
- 2.5 This was initially done on an individual basis, with each member having to indicate whether they wished to volunteer up that portion of their allowance and it was initially the intentions that this would, for as long as the political groups wanted to maintain the reduction, be reaffirmed by each member on an annual basis in accordance with clause 7 of the Members' Allowances Scheme. However given that there was absolute solidarity between the groups on the application of the reduction, after the first year the renunciation of the benefit was accepted as a group rather than an individual member decision.
- 2.6 The original changes to staff terms and conditions in relation to mandatory leave were introduced on the basis that they would be reviewed after three years. On review the mandatory scheme was dropped after 3 years and a voluntary scheme was introduced instead. This meant that members and officers were out of step in that the reduction was still being applied to members' allowances.
- 2.7 The position in this regard was raised with the leaders of the Conservative, Labour and Liberal Democrat groups in 2018. It is understood that the conservative group, prior to the elections in May 2018, confirmed that the Conservatives would maintain the voluntary reduction. The Labour and the Liberal Democrats when asked the same question after the May election said that they did not want to continue with the reduction.

- 2.8** Technically and legally, this has always been a matter of individual choice for members, although it was reaffirmed through group decisions on an annual basis. Members were at all times during that period entitled to the full allowance and the council could not have imposed the reduction against any member who did not agree to accept it.
- 2.9** The allowances are set for the financial year which is why, when the Labour and Liberal Democrats were asked to confirm their position in August 2018, on receipt of their decision on this point, the allowance at full level was reinstated for the full year, i.e. back to April 2018.
- 2.10** The reduction which had been applied was a straight reduction to all allowances, both ordinary and special responsibility, so reversing it reversed the position in relation to both sets of allowances.
- 2.11** On a separate note, the Independent Remuneration Panel (IRP) did recommend an increase in Members' allowances linked to the JNC settlement for staff in any given year and a report was taken to Council on this in July 2018. However, whilst the principal of the linkage of the allowances to the JNC negotiated settlement for staff was agreed by Council, the minute for that meeting records the following:-

“The Leaders of the Labour and Conservative Political Groups accepted the reports contents, however, indicated that their Members would not take up the resultant 2% increase in allowances”.

That is entirely separate from the 1.9% reduction which is the subject of the motion and this review

3. Review Findings

- 3.1** This matter has been considered as a review of the position in relation to members' allowances in the light of the issues raised in the Motion to Council on 17 July 2019. Notwithstanding that the matter has proceeded by way of review, there is no evidence that there has been any breach of the Members Code of Conduct.
- 3.2** In 2013 Members elected to accept a reduction from the allowances recommended by the IRP in order to show solidarity with staff who were suffering a reduction in their pay due to a mandatory change to their terms and conditions;
- 3.3** Members were asked each year to confirm whether they wished to continue with the reduction;
- 3.4** This was a matter of individual choice for each member – the council cannot impose cuts to allowances as these are set by the IRP;
- 3.5** There was no requirement for any formal decision making around the decision on whether to continue the reduction – any member could have called to reverse its application to them at any time;
- 3.6** The change to staff terms and conditions was reversed after 3 years and staff were then back to receiving 100% of their salaries;

- 3.7** There has been no increase in members' salaries, there has simply been a reversal of a voluntary reduction;
- 3.8** The only increase which could have been applied to members' allowances was that which was recommended by the IRP and approved in principle by Council in 2018;
- 3.9** Both Conservative and Labour voted in July last year not to accept the 2% increase recommended by the IRP and that remains the position for both those sets of members;
- 3.10** There is no requirement to publish the correspondence between officers and the Group Leaders on the matter of Allowances but the amounts paid to individual members by way of allowances is required to be and is duly published each year to allow transparency;
- 3.11** The Independent Person comments that: *"from an external perspective there is a lack of transparency of the arrangement that each Group agrees the renunciation of allowances (with the agreement of each of its individual members). The publication of Members Allowances demonstrates that members of differing political groups are paid 3 different basic allowances for carrying out the same role. Without any explanation, council tax payers are entitled to assume that that is based upon a decision made by the Council which appears to distinguish between the 'value' of different political groups. This is not correct, would be unlawful and is potentially damaging. There therefore needs to be a reference on the document publishing Members allowances that identifies that specific Members have agreed to renounce part of their allowance. This will make it transparent that the difference in payment is not due to a Council decision but is an individual Member's decision."*
- To further improve transparency, officers will ensure that appropriate explanatory wording is added to the annual publication of Members allowances and that those Members who have renounced part of the allowances are identified on the same document.
- 3.12** In order to avoid tensions around members' allowances in the future, Officers will liaise with all group Leaders at the same time to establish their respective positions and will ensure that those respective positions are shared between all Leaders for information.

Review Documents

- Members' Allowances Scheme;
- Relevant e-mail correspondence;
- IRP report July 2018

CORPORATE DIRECTOR'S SIGNATURE :

