

APPENDIX 1

INTERIM REPORT OF THE INDEPENDENT REMUNERATION PANEL

COUNCIL – 15 MARCH 2006

RECOMMENDATIONS:

1. THAT Special Responsibility Allowances for the following post holders be agreed:

Current post title	Special Responsibility Allowance (pa)
Cabinet Member	£9129
Chairman of the Regulatory Committee	£6090
2 Vice Chairman of Regulatory (Licensing) and (Development Control)	£1518
Scrutiny Committee Chairman	£6090
Commissioners	£6090
Cabinet Secretaries	£6090

2. THAT the allowance of £400 pa for the Scrutiny Committee Co-optees also be agreed.
3. THAT the above allowances be backdated to the date when each post holder was appointed to the post.
4. THAT all Allowances and Special Responsibility Allowances to Members be frozen at the 2005/06 level pending the outcome of the Panel's final report.
5. THAT it be noted that the Panel will be undertaking further detailed research and engaging with all Members and a number of stakeholders prior to submitting to Council a final report in the summer of 2006.

1. Members

Professor David Farnham (Chairman)
Lou Brennen
Richard Key
Peter Savory

2. Introduction

- 2.1. The Isle of Wight Council is required (as are all local authorities) under the Local Authorities (Members' Allowances)(England) Regulations 2003 and subsequent amendments to consider the recommendations of an Independent Remuneration Panel before making any decisions on Members' Allowances.
- 2.2. The last time that the Council considered such a report (under the Chairmanship of Professor Farnham but with a different membership) was in

November 2004 when the Panel, at the request of the Council, considered the relatively narrow subject of Members' travel and subsistence costs. Prior to this in 2003 the Council considered a more detailed report from the then Independent Remuneration Panel on the level of Allowances and Special Responsibility Allowances more generally. The outcome of the Council's deliberations on these two reports is what is currently the Members' Allowances Scheme as set out in the Council's Constitution (subject to the points raised in Para 2.4 below).

- 2.3. The current Terms of Reference of the Panel (as set by Council in November 2005) is as set out in Appendix A.
- 2.4. An addendum to the Terms of Reference was issued by your offices (as set out in Appendix B) to ensure that within this financial year the Council received a report from us with recommendations relating to Special Responsibility Allowances paid to various post holders that had replaced previous post holders since the change of Administration in May 2005.
- 2.5. To facilitate the change of the Governance arrangements implemented by the new administration the Monitoring Officer (and as subsequently supported by Full Council) agreed a range of amendments to the elected Member posts that would qualify for a Special Responsibility Allowance and the level of allowance. In doing this the Monitoring Officer and the Council considered, as far as was possible, a "like for like" process (ie Cabinet Members were allocated the Special Responsibility Allowances allocated to the former Executive Members). All these payments were made on the understanding that they were subject to the Council's consideration of the recommendations of the Independent Remuneration Panel and if the Council ultimately agreed a lower level of Special Responsibility Allowances then there would be a recovery of the difference.
- 2.6. Additionally in agreeing revised allowances the Council can only backdate these for the year in question – so for the payments to the new posts since May 2005 the Council has to make a decision at its March 2006 meeting at the latest. As the composition of the Panel was only concluded in February the Panel agreed to undertake a limited and swift amount of work to enable it to come up with this Interim Report.

3. Terms of Reference (for this Interim Report)

- 3.1. For this report these are set out in Appendix B – it is stressed that this report only considers those Special Responsibility Allowances detailed in the Terms of Reference to enable the situation to be fully ratified by the Council in this financial year. A more detailed report will be submitted by the Panel in summer 2006.

4. Methodology

- 4.1. In preparing this Interim Report the Panel has held two meetings. The first considered the bulk of the written evidence (as listed below) and drew a number of conclusions on the "like for like" assumptions made by the Council. However the Panel felt they needed more evidence on the role of Cabinet

Secretaries and Commissioners in comparison with the role of the Chairmen of the former Select Committees so interviews were arranged with the two Cabinet Secretaries and a Chairman of a former Select Committee and a Commissioner.

4.2. The panel wishes to record it's thanks to these Members for attending this second meeting at relatively short notice and for the open and frank discussions that took place with Panel members.

5. Evidence Considered

5.1. In preparing this interim Report the Panel considered the following evidence:

5.1.1. The current Member's Allowances Scheme (setting out the Special Responsibility Allowances paid to current post holders) (as set out in the Constitution);

5.1.2. All the current Member Job Profiles (as set out in the Constitution);

5.1.3. The Member Job Profile for the former Select Committee (as set out in an earlier version of the Constitution);

5.1.4. Summary of Governance Structures (as attached at Appendix C);

5.1.5. An explanation of the various roles and "like for like" issues provided by the Programme Lead – External Governance;

5.1.6. Paper submitted by the Cabinet Secretaries (as attached at Appendix D);

5.1.7. Oral submissions from the following Councillors:

Cabinet Secretaries – Cllrs Pugh and Wells
 Chairman of Former Select Committee – Cllr Stephens
 Commissioner – Cllr Brown

6. Conclusions

6.1. It was immediately clear to the Panel that the "like for like" principle for a number of the posts that had been adopted by the Council and the Monitoring Officer was evidently correct. These are set out below and the Panel took no time to recommend to Council that these post holders should be paid the Special Responsibility Allowances (and Allowance for Co-optees) as set out below:

Current post title	Former Post Title with close correlation	Special Responsibility Allowance (pa)
Cabinet Member	Executive Member	£9129
Chairman of the Regulatory Committee	Chairman of the Development Control Committee	£6090

Current post title	Former Post Title with close correlation	Special Responsibility Allowance (pa)
2 Vice Chairman of Regulatory (Licensing) and (Development Control)	Chairman of the then Regulatory Committee	£1518
Scrutiny Co-optees	Co-optees to the former Childrens Select Committee	£400

- 6.2. However with regard to the Special Responsibility Allowance for the Scrutiny Committee Chairman, Commissioners and Cabinet Secretaries the Panel felt more work was required to satisfy themselves that there was a full understanding of the roles and hence the specific level for a Special Responsibility Allowance.
- 6.3. The first part of this was understanding the change from the Select Committee system to the Scrutiny and Commission arrangement. Prior to May 2005 there were six Select Committees with each Chairman entitled to a Special Responsibility Allowance equivalent (when updated for inflation) to £6090. Post-May 2005 these were replaced by four Commissions (looking after policy development work previously shared between the six Select Committees) and one Scrutiny Committee (looking after the Scrutiny function previously shared by the six Select Committees).
- 6.4. An inspection and understanding of the Job Profiles of these various Committees demonstrated that there was clear “like for like” correlation between the Special Responsibility Allowance paid to the Chairmen of the former Select Committees and that paid to the Commissioners and the Chairman of the Scrutiny Committee. This was further confirmed during the interviews held with the Members. Therefore the Panel recommend to Council that the Special Responsibility Allowance for Commissioners and Chairman of the Scrutiny Committee should be set at £6090 as there is a clear comparability with that paid to the Chairmen of the former Select Committees.
- 6.5. The final Special Responsibility Allowance to consider (in the interim) is that payable to Cabinet Secretaries.
- 6.6. The Panel noted that these are an entirely new post and that there is no direct comparison with any of the former Member posts nor indeed nationally.
- 6.7. Following the interviews with the four elected members the Panel concluded that:
- 6.7.1. These posts are seen as a valuable resource to the Isle of Wight Council;
- 6.7.2. That the work involved picks up some of the work that might otherwise be undertaken by either a Cabinet Member or a Chairman of a former Select Committee;

- 6.7.3. That the responsibility and time commitment is at least comparable to that of Commissioners;
- 6.7.4. That at this stage it is difficult for the Panel to conclude if this level of responsibility is on a par with that for Cabinet Members as suggested in the evidence considered.
- 6.8. On the basis of the above and within the time available for this piece of work the Panel recommend to Council that the Cabinet Secretaries should be paid a Special responsibility allowance and that this should be set at £6090 as the responsibility and commitment is at least comparable to those of Commissioners.
- 6.9. As all the above responsibilities have been taken on by the post holders since they were appointed following the May elections, the Panel also recommends that the Council should backdate the payment of the Special Responsibility Allowances to the appointment date of the various postholders.

7. Financial Impact

- 7.1. All the above recommendations have the effect of maintaining the *status quo* and of reducing the potential spend on Members' allowances for the year 2005/06 (by virtue of the reduced number of members eligible for Special Responsibility Allowances) by £22,431 (5.1%) compared to the previous financial year.

8. Future Work

- 8.1. As explained above this is an Interim Report of the Panel to deal with an issue by the end of this financial year.
- 8.2. The Panel has begun to gather the information and develop a methodology for it to deliver to Council some recommendations covering the whole issue of Members' Allowances and to deliver to the Terms of References set out in Appendix A.
- 8.3. All Members, and a range of other stakeholders, will be asked to participate in this process one way or another.
- 8.4. Given that this piece of work is on going, and the nature of its terms of reference the Panel is also recommending to Council that all Allowances and Special Responsibility Allowances to Members be frozen at the 2005/06 level pending Council's consideration of its final report later in the year.

Professor David Farnham
Chairman of the Panel
6 March 2006

APPENDIX A

Terms of Reference of the Independent Remuneration Panel as set out in the Local Authorities (Members' Allowances)(England) Regulations 2003

1. An independent remuneration panel shall produce a report in relation to the authority or authorities in respect of which it was established, making recommendations –
 - (a) as to the responsibilities or duties in respect of which the following should be available, and in what amounts -
 - (i) special responsibility allowance;
 - (ii) travelling and subsistence allowance;
 - (iii) co-optees' allowance;
 - (iv) dependents' carers allowance; and
 - (v) with the following objectives:
 - To reduce the total cost in real terms, to the public purse against a baseline of the cost in 2004/2005 to the projected cost in 2009/2010. The average reduction on a year-on-year basis amounts to 2.5% per annum.
 - To incentivise Members to reduce non-cash costs of facilitating Member activity (for example the cost of printing, word processing, etc).
 - To incentivise a reduction in the environmental impact of Member activity (for example, travel, paper and IT consumables).
 - To incentivise Members to concentrate on the strategic improvement of the performance of the Council.
 - To enable and encourage the role of elected Members as community leaders.
 - To ensure the retention of existing Members in their elected role and to attract a diversity of Members in the future.
 - To include the independent chairman and members of the Standards Committee and co-opted members of the Scrutiny Committee and one of the Policy Commissions within the scheme.
 - (b) whether to backdate the effect of any changes to the scheme.
 - (c) to propose a mechanism for increasing allowances during the lifetime of the scheme.

- (d) as to which members of an authority are to be entitled to pensions in accordance with a scheme made under section 7 of the Superannuation Act 1972; and
 - (e) as to treating basic allowance or special responsibility allowance, or both, as amounts in respect of which such pensions are payable in accordance with a scheme made under section 7 of the Superannuation Act 1972.
2. The Panel shall comprise of at least 4 members (but may co-opt more if to do so will deliver these terms of reference more effectively) appointed by the Council, or under delegated authority, by the Monitoring Officer.
 3. The Panel and appointments shall be effective (unless casual vacancies arise and are filled) until the next ordinary Council Elections in 2009.

(Approved by the Isle of Wight Council 23 November 2005)

APPENDIX B

Independent Remuneration Panel

Addendum to the Terms of Reference

1. Following the change of administration in May 2005 and the changes to the internal governance of the Council there were a number of changes to the roles of Elected Members.
2. To ensure that these “new” roles received some form of Special Responsibility Allowance (SRA) the Monitoring Officer agreed to pay them an additional SRA that was linked in some way to the existing scheme. However the condition of this payment was that it was subject to final agreement of the Council who would have to consider the views of the Independent Remuneration Panel.
3. It was also agreed that should the Council decide either a lower level of SRA for these posts (or indeed even no SRA) then the additional monies paid would be paid back to the Council.
4. Whilst this work would, normally, fall as part of the wider work of the Panel as set out in the Terms of Reference agreed on 23 November there is a complication in that by law the Council can only approve backdated payment for allowances for the financial year that the decision is made. Therefore any decision by Council in relation to these “holding” SRAs has to be made before 31 March 2006 so that the decision can be back dated to May 2005. (Although in an ideal world Council will decide these before their budget meeting on 21 February 2006 so that the figures can feature as part of the budget making process).
5. Initial discussions with the Chairman of the Independent Remuneration Panel, which included initial scoping of the work required of the Panel, has suggested that it is unlikely that the Panel will be able to submit their substantive report before the March Council meeting and certainly not before the February Council meeting.
6. Therefore the Panel are asked, as a matter of urgency, to look at the level of these “holding” SRAs paid and to report their recommendations to Council in time for the 21 February meeting.
7. The holding SRAs in question are:

Cabinet Members (based on what was paid to the former Executive Members)
- £9,129 pa

Scrutiny Committee Chairman (based on what was paid to the former Select Committee Chairmen)
- £6,090 pa

Commissioners (based on what was paid to the former Select Committee Chairmen)

- £6,090 pa

Chairman of the Regulatory Committee (based on what was paid to the Chairmen of the then Planning and Licensing Committees)

- £6,090 pa

Vice Chairman of Regulatory (Licensing) and Vice Chairman of Regulatory (Development Control) (based on what was paid to the Chairman of the then Regulatory Committee)

- £1,518 pa

Cabinet Secretaries (based on what was paid to the former Select Committee Chairmen)

- £6,090 pa

Suggested Workplan

8. It is suggested that this stream of work be undertaken early in the new year and includes a study of the Roles of the post holders, the terms of reference of these bodies and face to face interviews with a number of the current post holders (as a suggestion this could be one from each).

Terms of Reference:

9. In summary the addition to the Terms of Reference of the Panel is:

To recommend to Council by 21 February the level of Special Responsibility Allowance payable for 2005/06 and (subject to the Panels final report) future years for the following:

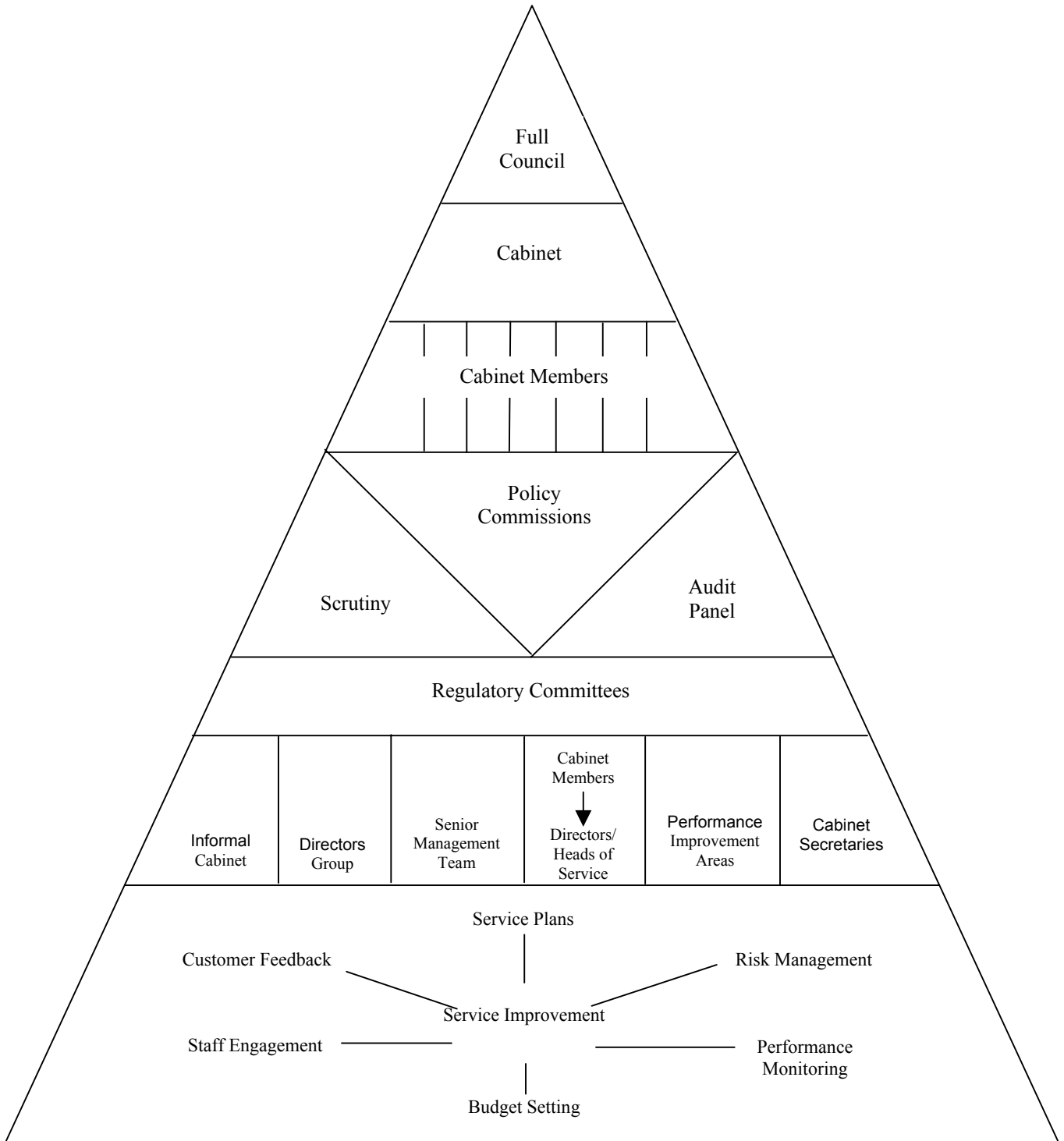
Cabinet Members
Scrutiny Committee Chairman
Commissioners
Chairman of the Regulatory Committee
Vice Chairman of the Regulatory Committee (Licensing)
Vice Chairman of the Regulatory Committee (Development Control)
Cabinet Secretaries

And to recommend if this Allowance should be backdated from the appointment of the postholder.

Chris Mathews
Democratic Services Manager

APPENDIX C

ISLE OF WIGHT COUNCIL GOVERNANCE STRUCTURES



To add in:

- i. Aim High Teams
- ii. Priority Outcome Groups

MEMORANDUM

TO: CHRIS MATHEWS
FROM: CABINET SECRETARIES
SUBJECT: REMUNERATION
DATE: 08/03/2006

Mr Mathews

Further to your recent emails, and ahead of our interview with the Remuneration Panel this coming Friday, we felt it would be useful to provide a briefing note to assist the Panel in their deliberations.

We would be grateful if you could circulate this note to members of the Panel ahead of Friday's meeting, so they are already informed as to our view of the role of the Cabinet Secretaries, and will therefore be able to use this limited session to ask any supplementary questions, given that they have to report by Monday next week.

ROLE OF CABINET SECRETARIES

The role has been an evolving one over the past nine months. The constitution outlines a detailed job specification, all of which is certainly encompassed by the role, but our experience suggests it has become wider than that. This note covers some of the duties detailed in the constitution, expanding on them, and also touching on other matters that have been picked up.

It is also important when setting the context to appreciate that this is an unprecedented role, both for this council, and seemingly for local government on a national scale as well. It has certainly proved to be a worthwhile and invaluable role in ensuring joined up political leadership and delivery, and other authorities have recently expressed some interest in adopting a similar role to support their executives.

The role dips into many different aspects of Council work: at Cabinet, Commission, political / group (cross-party member engagement) and communication levels – providing a vital interlinking overview to bring all these elements together.

CABINET

The new Cabinet-style system which this Council has adopted currently includes seven members, as opposed to nine members which the previous executive consisted of. This has involved the consolidation of executive responsibilities into a lesser number of posts, which due to the calibre of Cabinet members has been successful and is delivering outcomes for the Isle of Wight.

However, the role of Cabinet Secretaries has been vital in making this possible. It has been to support and enable the individual portfolio holders to deliver their work and effectively communicate it within the Cabinet, more widely in the Council, and at an external level. There have been many cross-cutting issues where we have worked to ensure that all the relevant Cabinet members are involved, and that the concerns of different portfolios are equally considered in the round.

The role has also addressed capacity issues. Where Cabinet members have at times faced an excessive workload, the role has evolved to be a form of “top-up” Cabinet position – attending meetings on members’ behalf; speaking directly to the media; working with relevant officers to achieve outcomes; and drafting responses on many key policy issues, both internally to fellow members and to the wider public.

Some of the major achievements of the Cabinet over the past nine months have been assisted by us working alongside the individual members to effectively communicate the details at all levels, and in particular identifying and addressing any barriers to delivery.

Besides this background work, the role has also involved attendance at and participation in formal Cabinet Meetings, Aim High Strategy Group, Private Cabinet Meetings; Cabinet Away Days etc. Later this year we will be attending an IDeA Leadership Academy course, which all Cabinet Members have already participated in.

In particular, we played an important role in the recent budget preparations and delivery, working with the Cabinet Member for Resources; the Chief Financial Officer and the Leader to develop and refine the key messages, and addressing any barriers to delivery.

In terms of officer engagement, the role sees us working closely with Committee Services and the Cabinet Support Officers on arranging meetings and drafting responses to public enquiries where appropriate.

POLICY COMMISSIONS

One of the evolving elements of the new structure is the dynamic decision-making process that takes place through the Policy Commissions. For us, this involves the scoping of work from Cabinet members to these member-led bodies, which take evidence from key stakeholders, before delivering options back to Cabinet for their consideration. The role of the Cabinet Secretaries is to facilitate this process and represent the Cabinet members, whilst ensuring that the work of the Commissions (and its members) is fully utilised in the process, by focusing their work around outcomes.

Besides considerable political administration to enable this, it also requires attendance at and participation in a high volume of meetings – both the formal public ones, and regular briefings to prepare for these. We also meet separately with the Overview and Scrutiny Team to identify and tackle any emerging issues regarding the Commissions, and chair the bi-monthly best practice meetings with this team and the individual Commissioners.

COMMUNICATIONS

The work with the Cabinet and Policy Commissions puts our role in an informed and ideal position to provide political direction to the Council’s communications strategy. The attendance at and involvement in all relevant meetings ensures we are best placed to overview key communications messages, and identify any potential mixed messages which could lessen the reputation of the Council at large.

The role involves working closely with the Council’s Communications Team on prioritising the messages going out to local and national media. We are constantly aware of the requirement for Council’s communications to be of a non-party political nature, and play a role in refining Cabinet and other messages to ensure these boundaries are maintained.

Besides daily interaction with the Communications team, tackling issues as and when they arise – including the approval of every press release to ensure a joined up approach – we also meet weekly with the Assistant Chief Executive and the Communications Team to identify any emerging issues and the key stories for the following week, and how we may wish to prioritise these and respond accordingly. In this role, we are also briefed and develop appropriate responses on a number of particularly sensitive and confidential issues, which could have serious implications for both individuals and the Council at large if not handled delicately.

The internal communications role has involved working with officers, particularly on initiatives such as Aim High, to ensure effective communication with staff. With rapid change underway, we have been acutely aware of the need to constantly consult and engage with staff, and political messages have been adapted accordingly to tackle any potential sensitivities.

MEMBER ENGAGEMENT & OTHER ISSUES

Another emerging aspect of the role has been to look at how we involve all members in the work of the Council, particularly those outside the majority group who may have the potential to feel excluded. Recently, we have worked at some length with the different opposition groups to progress towards a resolution for the future of the Scrutiny Committee, for which their involvement is vital, in our view.

Many opposition members have taken the opportunity to raise issues with us which we have played a role in resolving, either straight away or by referral to the majority group.

Inevitably the role extends to provide some political support to the majority group. Aside from the more party political nature of this support – which is seen as an additional non-Council function separate to the constituted role of the Cabinet Secretaries – this has extended to facilitating officer engagement with the majority group, and the following through of agreed protocols to offer meetings with the same officers to the minority groupings.

The role in supporting the group involves picking up concerns and overall steers on policy issues which are taken forward to the relevant officers for discussion and implementation. Again, this process involves liaising, where possible, with opposition members.

We also take a lead on member development issues – from the beginning of the new administration there was involvement on issues of training, and subsequently on the future implementation of a development charter for all members.

In terms of officer engagement, the role sees us working closely with the Member Support Team to tackle any relevant issues of member involvement on a number of fronts.

This role ties in well with issues of equality and diversity, which, along with the Cabinet Member for Resources, we have taken a lead on, given the cross-cutting nature of this work.

RECOMMENDATION

It is our considered view that the role of Cabinet Secretaries equates, both in terms of workload and the complexity of tasks undertaken, to that of individual Cabinet members.

Our own reasonable calculations of the hours currently being undertaken, and necessarily required, to fulfil the remit of Cabinet Secretaries, totals at up to 40 hours a

week each – although this does include some minimal time, maybe 2-4 hours on ward matters. The overwhelming amount of the workload relates to the special responsibility. This is as many hours, if not more, than some Cabinet members.

Furthermore, because the scope of our work is so broad – the complexity of issues and the challenges we face in overcoming barriers and delivering outcomes – it demands a level of skill and judgement, along with a capacity to be sufficiently versed in such broad detail, which we feel we offer uniquely to these posts, and certainly one on a par with Cabinet members.

Members of the Panel will be aware that because there were no comparative positions in the previous administration, there was not immediately a relevant SRA rate which could be applied to the Cabinet Secretaries. As such, the Monitoring Officer agreed to provide a short-term SRA for the Cabinet Secretaries, equivalent to that received by former Select Committee chairmen, until such time as a convened Panel could make suitable recommendations.

As the incumbents in these posts, with nine months experience, we would now like to strongly recommend to the Panel that the SRA for the Cabinet Secretaries is tied to that of Cabinet members, by being placed in the same bracket of allowances. This is a view shared and backed collectively by the Cabinet. Furthermore, we would like to recommend that this is backdated to when we took up these posts in May, as we believe is standard practice, as we have been working at the same level ever since our appointments.

As an additional note, we would like outline our view that the continuation of the existing arrangements would be insufficient to enable us to fulfil these roles. Both of us are foregoing more lucrative employment opportunities because of the demands of County Hall. The public service element of the role is acknowledged, and therefore we appreciate that any remuneration we receive will essentially not be equitable to salaries received by officers or those in other sectors of employment. That our allowances are called just that is in indication that there are not seen as salaries in the traditional sense of the word.

However the current remuneration amounting to £12,000 (our basic allowance coupled with the short-term SRA) is wholly insufficient to enable us to realistically meet the full-time requirements. A rise to Cabinet level SRA would still equate to considerably less than previous earnings we have both received, but with the public service element recognised, this would at least allow for individuals of working age such as ourselves to realistically undertake these positions.

We would welcome the opportunity to expand on any of these points during the interview on Friday.

Cllr Alan Wells
Cllr David Pugh
Cabinet Secretaries