MEMBERS ALLOWANCE SCHEME

REPORT OF THE TREASURER

For Approval

1. PURPOSE OF REPORT

1.1 To enable Members to consider the report from the Independent Remuneration Panel (IRP) in relation to the level of Basic and Special Responsibility Allowances paid by the Authority.

1.2 The Authority has a legal duty to have regard to the IRP recommendations before it amends an existing scheme of allowances. This does not prevent the Authority from determining to set allowances at a level below those recommended by the IRP.

2. RECOMMENDATIONS

2.1 It is recommended that Members:

i) Consider the report from the IRP, detailed in Appendix A;

ii) Determine whether the IRP recommendations are approved, from 1st April 2019, with future indexing of allowances from 1st April 2020, 2021 and 2022;

OR

Members wish to set allowances at a lower level than recommended by the IRP, from 1st April 2019, with future indexing of allowances from 1st April 2020, 2021 and 2022

iii) Note that once the Committee has considered the IRP report details of the report and the allowances approved by the Authority will be published in accordance with statutory requirements.

3. BACKGROUND

3.1 The Authority approved the current Members Allowances Scheme on 4 June 2010. The allowances paid by the Authority have been frozen since 2009/10 and are currently as follows:

- Basic Allowance - £2,194

Special Responsibility Allowances

- Chair of Authority - £8,776
- Vice Chair of Authority - £4,388
- Chair of Audit and Governance Committee - £2,742
- The Authority does not currently pay a Special Responsibility Allowance to the 'second/non-controlling' political group leader/deputy leader and the IRP were not asked to consider this issue.

3.2 Members are also entitled to claim travel and subsistence expenses in relation to the discharge of their responsibilities as Members of the Authority. No other allowances fall within the scheme i.e. dependent carers, co-optees etc.

3.3 With effect from 10th June 2016 the number of elected Members serving on the Authority was reduced from 23 to 16. The Authority's governance arrangements were also streamlined and consist of:

- Full Authority – all 16 Members
- Executive Committee – 7 Members
- Audit and Governance Committee – 9 Members
- Firefighters Pension Schemes Local Pension Board – 1 Member

3.4 On 13th October 2017 the Authority approved the following recommendations in relation to establishing an Independent Remuneration Panel (IRP):-

i) one member of each of the four authorities' IRPs will be invited to become a member of the Authority's IRP and the quorum shall be 3 persons;
ii) individual Members will be invited to submit their views on the Authority's Members Allowance Scheme to the IRP;
iii) the Treasurer will support the work of the IRP; and
iv) recommendations made by the IRP will be submitted to a future meeting of the Authority for consideration and if approved will be implemented with effect from 1st April 2018 (i.e. financial year 2018/19).

3.5 To facilitate the IRP the Treasurer:

- invited Members of the Authority to submit evidence to the IRP on the Members Allowance Scheme; and

- provided the IRP with benchmarking information on the Members Allowance Schemes operated by other Fire and Rescue authorities, including neighbouring authorities.

3.6 The review has taken longer to complete than anticipated owing to diary challenges. However, this delay is beneficial as it enables the current the Authority Members to consider the report from the IRP.

4. **REPORT FROM THE IRP**

4.1 The recommendations from the IRP are not binding as the Authority may set Allowances at a lower level than recommended by the IRP. For example, the Authority may wish to freeze existing allowances, or link any increase to the national pay award for Local Authority staff.

4.2 The report from the IRP is attached as Appendix A to enable Members to consider these proposals in the context of the ongoing financial challenges facing the Authority and the national position regarding the Fire Fighters pay award.

4.3 When this process commenced it was envisaged that the recommendations of the IRP would apply from 1st April 2018. However, owing to the time that has now elapsed the IRP has recommended that any changes are implemented from 1st April 2019.

CHRIS LITTLE
TREASURER

APPENDIX A

Report from: **Independent Remuneration Panel**

Report to: **Cleveland Fire Authority**

Date: **August 2019**

Subject: **Review of Basic and Special Responsibility Allowances paid by Cleveland Fire Authority**

1. Purpose of Report

1.1 To report on the outcome of the review of Basic and Special Responsibility Allowances paid by Fire and Rescue Authorities and to make recommendations regarding the allowances to be paid by Cleveland Fire Authority from 1st April 2019.

2. Approach to Review

2.1 Our review has been informed by considering the following factors:

- Consideration of submissions from individual Members of the Fire Authority;
- Interview of previous Chair of the Authority;
- Interview of Chief Fire Officer;
- Consideration of allowances paid by other Fire and Rescue Authorities.

2.2 The following paragraphs provide additional information in relation to the above issue. In relation to the first two points we appreciate that Membership of the Authority and the individual appointed as Chair have changed since we commenced the review. However, we believe it is still relevant to include this information in our report.

2.3 **Submissions from individual Members of the Fire Authority**

2.4 We asked your Treasurer to write to all Authority Members requesting their views on the allowances paid by the Authority. Responses were received from 7 members which we considered in February 2019. All 7 responses from Members of the Fire Authority stated they did not see any reason to change the existing Allowances.

2.5 **Interviews of previous Chair of the Authority and Chief Fire Officer**

2.6 The interview with the previous Chair enabled us to understand the role of the Chair, Vice-Chair, Chair of the Audit and Governance Committee, and the collective responsibility of Members serving on the Authority. This discussion and our interview with the Chief Fire Officer provided us with a clear understanding of the strategic, operational and financial context that Cleveland Fire Authority operates within.

2.7 Whilst, these issues will be very familiar to Members of the Fire Authority, they highlighted to the Panel the complexity of the position being managed by Cleveland Fire Authority and the Chief Fire Officer.

2.8 Until we commenced this review the scale of the funding cuts faced by the Fire Authority over a nine year period was something we had not appreciated, particularly the impact this has had on staffing resources.

2.9 This information highlighted the significant responsibilities of individuals i.e. the Chief Fire Officer, Chair of the Authority and Vice Chair in providing strategic leadership within a high risk environment and reducing resource base. Similarly, the role of the Chair of Audit and Governance Committee is a key component of the Fire Authority's governance arrangements.

2.10 We also recognised the individual and collective responsibilities of other Members of the Fire Authority in relation to ensuring good corporate governance and decision making within an extremely challenging financial environment.

2.11 **Consideration of allowances paid by other Fire and Rescue Authorities**

2.12 We considered information in relation to allowances paid by 25 Fire and Rescue Authorities (including Cleveland). This comparison showed that most other Fire and Rescue Authorities paid a higher number of Special Responsibility Allowances than Cleveland Fire Authority. We therefore focused our attention on the positions within Fire and Rescue Authorities which are common to all Fire and Rescue Authorities i.e. the position of Chair and Vice Chair.

2.13 The Basic and Special Responsibility Allowances paid by 25 Fire and Rescue Authorities are detailed in Appendix 1 and key figures summarised below:

Table 1 – Summary of Allowance paid by 25 Fire and Rescue Authorities

Cleveland Fire Authority		**Average for 25 authorities**	Lowest	Highest
£2,194	Basic Allowance	**£2,730**	£1,158	£4,457
£8,776	SRA - Chair of Authority	**£12,937**	£3,469	£30,067
£4,387	SRA - Vice Chair of Authority	**£6,447**	£1,769	£13,526

2.14 In view of the wide variation in allowances for the 25 Fire Authorities we then asked for information for comparator authorities. The Treasurer of the Authority suggested that the pay formula used for the Chief Fire Officer provided an appropriate basis as this includes comparator authorities based on two factors:

- Managerial Responsibilities - Avon, Humberside, Nottingham, Cheshire, Derbyshire, Leicestershire;
- Managing Risk- Humberside, Merseyside, West Yorkshire, Cheshire, West Midland, Greater Manchester

2.15 Based on the allowances paid by the comparator authorities we have calculated the following potential allowances:

Table 2 – Potential Allowances based on Comparator Authorities

Existing Cleveland Fire Authority	SRA as percentage of Basic Allowance		**Potential based on comparator authorities**	SRA as percentage of Basic Allowance	Lowest comparator authority	Highest comparator authority
£2,194	n/a	Basic Allowance	**£3,755**	n/a	£1,482	£8,070
£8,776	400%	SRA - Chair of Authority	**£15,145**	404%	£8,773	£30,067
£4,387	200%	SRA - Vice Chair of Authority	**£8,492**	226%	£2,025	£16,148

3. Proposed allowances and rationale for these recommendations

3.1 We recognise that current allowances have remained at the same level since 2009/10. We also recognise the complex environment the Fire Authority is operating in. We therefore believe that an increase in Allowances paid by the Authority is essential to recognise these issues and reflect the substantial responsibilities carried by Members.

3.2 As detailed in the report the Allowances paid by the Authority are now below the average paid by other Fire Authorities. The comparative figures for other Fire and Rescue Authorities show a wide variation. Therefore, we have concluded that basing the Basic Allowance on comparator Fire Authority Allowances detailed in paragraph 2.15 provides an appropriate basis. This result in a new recommended Basic Allowance of £3,755 (current allowance £2,194).

3.3 In relation to the Chair and Vice Chairs Special Responsibility Allowances these are currently based on multiples of the current Basic Allowance of 400% and 200% respectively. As detailed in paragraph 2.15 the percentages calculated for the comparator authorities are only slightly higher than these figures. It is therefore proposed that the current multiples are maintained.

3.4 It is also suggested that the same principles applies to the Special Responsibility Allowance for the Chair of Audit and Governance, which is 125%.

3.5 In summary the following Allowances are recommended:

Table 3 Recommended Allowances

Existing Cleveland Fire Authority	SRA as percentage of Basic Allowance		**Recommended Allowances**	SRA as percentage of Basic Allowance
£2,194	n/a	Basic Allowance	£3,755	n/a
£8,776	400%	SRA - Chair of Authority	£15,020	400%
£4,387	200%	SRA - Vice Chair of Authority	£7,510	200%
£2,742	125%	SRA – Chair of Audit and Governance Committee	£4,694	125%

3.6 To future proof the allowance it is also recommended that these allowances should be index-linked on an annual basis. We considered alternative indices for indexing these allowances, such as linking them to inflation or pay awards for either uniformed staff or non-uniformed. We concluded that from 1st April 2020, 2021 and 2022 allowances should increase in line with the national pay award applying to Local Government employees (i.e. the pay arrangements applying to non-uniformed employees).

4. Financial Considerations

4.1 The Panel recognises the budget cuts and financial challenges facing the Authority in 2020/21 and future years. We also recognise that a national pay settlement for Fire fighters for the current year, including consideration of "broadening the role" remains outstanding.

4.2 We asked the Treasurer to calculate the additional cost of our recommendations as set out in the following table:

	Current cost	Cost of IRP Recommendations	Increase in cost
Basic Allowance	£35,104	£60,080	£24,976
SRA's	£15,905	£27,224	£11,319
Total	£51,009	£87,304	£36,295

5. **Recommendations**

5.1 It is recommended that the Fire Authority:

i) Notes the approach adopted by the Panel in undertaking the review of the allowances, including comparator allowances paid by other Fire Authorities;

ii) Approves the Basic Allowance and Special Responsibility Allowances detailed in table 3 (paragraph 3.5) with effective from 1st April 2019;

iii) Approves that these allowances are then increased from 1st April 2020, 2021 and 2022 in line with the national pay award applying to Local Government employees.

SUMMARY OF ALLOWANCES **Appendix 1**

Authority	Number Members	Basic Allowance	Chair of Authority	Vice Chair of Authority	Other Special Responsibility Allowances
Avon Fire Authority	25	£1,482	£8,773	£2,025	Group Leaders £2,025; chair Performance Review & Scrutiny Cttee £1,013; Chair Audit & Governance Cttee £760
Bedfordshire Fire Authority	12	£3,216	£16,082	£8,041	Chair of Corporate Services policy, and Challenge and Service Delivery Policy, and Challenge Group/Executive Member £1,447.40; Chair of Human Resources Policy and Challenge Group / Executive Member £1,769.05; Chair of Audit and Standards Cttee £964.93
Berkshire Fire Authority	20	£2,222	£11,110	£5,555	Committee Chair and Lead Members £3,333; Opposition Group Leader and Member Champions £2,222.
Buckinghamshire Fire Authority	17	£1,211	£12,094	£4,052	Chair of Executive Committee £4,989; Chair of Overview and Audit Committee £3,268; Chair Human Resources Sub-Committee £1,636; Group Leaders £3,629, Lead Members £3,153.
Cambridgeshire Fire Authority	17	£2,458	£12,292	£9,219	Lib Dem Group Leader £4,892.24; Labour Group Leader £3,446.12; Chair Policy and Resources, and Overview and Scrutiny Committee £4,916.85; Type 3 Project Boards £1,020.10.
Cheshire Fire Authority	23	£4,160	£13,686	£6,844	Chair Performance and Overview Cttee £2,737.72; Chair Governance and Constitution Cttee £1,579.45; Business Continuity Leads £1,052.97; Member champions £526.48
Cleveland Fire Authority	16	£2,194	£8,776	£4,387	Chair of A&G £2,742
Derbyshire Fire Authority	16	£3,188	£14,000	£8,400	Leader of Largest Minority Group, and Chair of Working Group/Forum £3,000; Chair of Standards Cttee £800.
Devon and Somerset Fire Authority	24	£2,600	£13,000	£6,500	Committee Chairs £3,900; Authority appointed Non-Exec Director Red One Ltd. £6,000.
Dorset and Wiltshire Fire and Rescue Authority	30	£3,200	£9,600	£4,800	Chair Fin/Audit Cttee £3,200 (Basic allowance x 1). Chair Local Performance/Scrutiny £1,500 (4 Cttees each with own Chair)

Authority	Number Members	Basic Allowance	Chair of Authority	Vice Chair of Authority	Other Special Responsibility Allowances
Durham Fire Authority	25	£1,158	£10,637	£6,595	Minority Group Spokesperson £1,738; Chair Finance& Gen Purposes, Chair Policy & Performance, and Chair Audit & Risk Cttees £1,064.
East Sussex Fire Authority	18	£2,472	£10,818	£5,409	Panel Chair (where not Chair or Vice Chair of the Authority) £1,994; Leader of Political group (where not Chair or Vice Chair of Authority £2,493; Panel Membership £860; local Pension board £430. No more than one SRA may be claimed.
Hampshire Fire Authority (CURRENTLY UNDER REVIEW - ALLOWANCES ARE 2015/16)	10	£2,943	£14,469	£1,769	Chair Finance & Gen Purposes and Human Resources Cttees £7,305 (Vice Chair £1,769); Chair Standards & Governance Cttee £3,535 (Vice Chair £881); Chair Performance review £4,121 (Vice Chair £1,063); Independent Persons £500; Minority spokesperson for Lib Dem £7,238, Labour £3,616, UKIP £3,616;
Hereford and Worcester Fire Authority	23	£1,166	£9,050	£5,430	£1,357.44
Humberside Fire Authority	22	£4,457	£11,137	£8,356	Committee Chairs £561.
Kent Fire Authority	25	£1,400	£18,360	£7,344	Committee Chairs £7,344, Vice Chairs £1,836; Opposition Group Leader £5,808;
Lancashire Fire Authority	25	£2,730	£15,856	£7,929	Majority Opposition Group Spokesperson £3,171.54; Minority Opposition Group Spokesperson £3,171.54; Chair of Resources, Planning, Performance, and Audit Cttees £1,981.69, Vice Chair £990.84; Chair of Appeals Cttee, and Member Training and Development Working group £990.84, Vice Chair £495.95; Member Champions £990.84.
Leicestershire Fire Authority	17	£3,095	£9,322	£3,133	Group Leaders £1,795; Committee Chairs £1,795.
North Yorkshire Fire Authority	16	£3,964	£3,469		Steering group Membership £2,676.17; Chair Audit & Governance Cttee £1,189.41.
Shropshire Fire Authority	17	£2,771	£10,425	£5,213	Leader of Opposition Group £2,771.
Staffordshire Fire Authority	21	£3,388	£15,179	£7,590	Minority Group Leader £3,793.92; Regional Duties £3,632.40; Strategy & resources, Scrutiny & Performance, HR & Ethics Ctees - Chair £2,422.68 and Vice Chair £904.62. Service Improvement & Equality, and Audit committees - Chair £1,210.80 and Vice Chair £605.28. Integrated Asset Development Strategy Programme Board Chair £4,703.52.

Authority	Number Members	Basic Allowance	Chair of Authority	Vice Chair of Authority	Other Special Responsibility Allowances
Greater Manchester Fire	15	£4,038	£30,067	£13,526	Deputy Chair £13,526.21; Chair Service Delivery Cttee £10,523.49; Vice Chair Service Delivery Cttee, Vice Chair Collaboration and Integration Panel £3,147.19; Chair Audit Scrutiny & Standards Cttee £3,832.62 (Vice Chair £2,255.35). Co-Optees £306.60;
South Yorkshire Fire	22	£3,362	£12,989	£6,494	Chair A&G £3,248; Chair Local Perf/Scrutiny £1,624; Minority Group Leader £3,248.
Tyne and Wear Fire	16	£1,848	£12,798	£6,399	Chair HR Cttee £6,399; Leader Major Opposition Party £3,200; Chair Governance Cttee £3,296.
West Yorkshire Fire	22	£3,521	£19,425	£9,713	Committee Chairs £3,886, Cttee Vice Chairs £971; Majority Party Leader £3,886; Minority Party Leader £971.
Average of 25 Authorities	**20**	**£2,730**	**£12,937**	**£6,447**	