

**An Independent Review
Of
Members' Allowances
For
The Merseyside
Integrated Transport
Authority**

The First Report

By

Dr Declan Hall

January 2012

Foreword

This report arises out of the first independent review of Members Allowances for the Merseyside Integrated Transport Authority (MITA). Integrated Transport Authorities (ITAs) unlike district councils have never been required to seek independent advice before making or amending their scheme of allowances. However, MITA has entered into the spirit of the requirements of the 2003 Members' Allowances regulations by seeking such independent advice. Consequently, the review has been carried out in the spirit of the 2003 Members Allowances Regulations and accompanying statutory guidance – most of which except the requirement to seek independent advice is applicable to MITA in any case.

This review has to be seen in the context of the recent reform of MITA governance arrangements, with more slim lined system of governance in place that while resulting in lesser formal meetings is requiring a greater input on the part of Members through the new structures that have been put in place. A temporary Members' Allowances scheme has been put in place, which in turn is largely based on the scheme that reflected the old model of governance. Nonetheless, the temporary scheme is not appropriate and requires a root and branch reformation to reflect the new structures, and roles and responsibilities that are required from Members. As such, the scope of this review is fundamental in nature, with the whole scheme being reviewed in light of the operation of new governance structures as of January 2012. It is also recognised that a further review may be required sooner rather than later as the new structures become bedded down and greater experience of the impacts on Members is gained.

A fundamental objective of this review has been to recommend a Members' Allowances scheme to MITA that will be robust in that it can stand up to public challenge and scrutiny. Consequently, the new framework that is being recommended seeks to be based on a logical construct that is transparent, and provides both Members and the public with a greater understanding of what MITA Members are paid and the logic underpinning their remuneration.

The recommendations set out in this report, will, if accepted by MITA result in a saving to the Authority on the 2010/11 Members' Allowances scheme. The desire to find savings vis-à-vis Members Allowances has not been the driver for this review although the current economic climate has been taken into account. The recommendations have sought to strike a balance between ensuring that Members workload and responsibilities are equitably recompensed while at the same time attempting to ensure that financial considerations are not the principal motivation for Members seeking appointment to and remaining on MITA.

Dr Declan Hall
Independent Consultant

January 2012

Executive Summary: Recommendations

Recommended Basic Allowance & SRAs for MITA (2011/12)					
Remunerated Posts	BA	Number of SRAs Payable	SRA Payable	Total Remuneration Per Member (BA+SRA)	Total Payable in SRAs (SRA payable per post X no. of posts paid)
All Members (18)	£7,266				
Chair of MITA	£7,266	1	£29,813	£37,079	£29,813
Vice Chair of MITA/Chair of Strategy & Finance	£7,266	1	£17,888	£25,154	£17,888
Chairs of Other Standing Committees	£7,266	6	£7,453	£14,719	£44,718
Opposition Spokespersons	£7,266	2	£2,981	£10,247	£5,962
Sub Total BA	£130,788				
Sub Total SRAs		10			£98,381
Total					£229,169

Other Recommendations:

It is further recommended that:

Other SRAs

- i The Deputy Chairs of the main committees do not receive an SRA
- ii The Group Secretaries do not receive an SRA
- iii The current provision for an SRA for the European Spokesperson be deleted from the 2011/12 Members' Allowances scheme

1-SRA only

- iv Members are able to receive 1-SRA only regardless of the number of remunerated posts they may hold.

Members appointed to the Mersey Ferries Limited Board of Directors

- v Those MITA Members appointed to the Mersey Ferries Board have their directors fees published in the annual publication of allowances and expenses received by all MITA Members.

- vi The Members' Allowances should also include a provision that points out where a Member receives an SRA and a Mersey Ferries Board director's fee the Member is able to decide whether they want to renounce their SRA or fee, or if they opt to receive both then it is for them to justify that decision in the public arena.

Members Right to Renounce Allowances

- vii It is inserted into the published Members' Allowances scheme that Members have the right to renounce all or part of their Basic Allowance, and SRAs where applicable, upon notification to the Director of Resources.

Other Allowances and Reimbursements

Co-optees' Allowances

- viii There is no change to the current level of Co-optees' Allowances and they are maintained at £1,375.

Travelling Allowances

Mileage Rates

- ix The mileage allowances for MITA Members are based on Her Majesty's Revenue and Customs (HMRC) Authorised Mileage Allowance Payment (AMAP) rates and the applicable rates are inserted into the Members' Allowances Scheme as set out below:

Vehicle Type	First 10,000 business miles in the tax year	Each business mile over 10,000 in the tax year
Cars and vans	45p	25p
Motor cycles	24p	24p
Bicycles	20p	20p
Passenger Supplement Rate	5p per passenger	5p per passenger

Other/Public Transport

- x The terms and conditions by which Members travelling by other/public transport to attend approved duties can claim reimbursement are unchanged.

Travel Allowances – Approved Duties

- xi The current list of approved duties for which the Travelling Allowance can be claimed be maintained.

Subsistence Allowances

Day Subsistence Rates – Within the Authority (Merseyside)

- xii The ability of Members to claim Subsistence Allowances for attending approved duties within Merseyside is discontinued.

Day Subsistence Rates – Out With the Authority (Merseyside)

- xiii The current Subsistence Allowances are maintained and inserted into the published Members' Allowances scheme as follows:

Allowance	Rates (£)	Condition
Breakfast Allowance	£5.00	For an absence of more than 3 hours away from normal place of residence before 11am
Lunch Allowance	£7.00	For an absence of more than 3 hours away from normal place residence including lunchtime between 12 noon and 2pm
Tea Allowance	£3.00	For an absence of more than 3 hours away from normal residence including the period between 3pm and 6pm
Evening Meal Allowance	£9.00	For an absence of more than 3 hours away from normal residence ending after 7pm

Overnight Subsistence Allowances

- xiv Overnight Absence, from the usual place of residence the maximum reimbursement shall be as follows:

£150	outside London
£170	in London or for purposes of attending an annual conference

- xv It is clarified in the published Members' Allowance that the Subsistence Allowances – both day and overnight allowances will only be reimbursed *upon production of receipts*.

Provision for Withholding of Allowances

- xvi The MITA Members' Allowances scheme contains provision to withhold a Members' Allowance (Basic Allowance and SRA where applicable) when they are suspended from the MITA by the Standards Committee.. Moreover, this provision should be maintained insofar as the 2011 Localism Act provides for it after April 2012.

Indexation

- xvii The following indexes are maintained and/or adopted:

- **Basic Allowance and SRAs, Co-optees' and Subsistence Allowances:** indexed to the annual percentage increase as agreed each year by the NJC for local government staff nationally to be applied from the date of MITA Annual Meeting
- **Mileage Allowances:** indexed to the AMAP rates as approved by HMRC

Implementation of Recommendations

- xviii The new Basic Allowance and Special Responsibility Allowances as approved by MITA arising from this review should be implemented from the date the new structures were put in place on 15th September 2011.
- xix The rates and conditions for claiming the Travelling and Subsistence Allowances and the provision for with holding allowances are implemented from the date of the full meeting of the MITA that agrees and determines its new scheme of allowances, or any date thereafter agreed by the MITA, but not later than 1st April 2012.

A Further Review

- xx The MITA take the opportunity to review its Members' Allowances scheme in 12-18 months in light of experience of the new structures

Independent Review of Members' Allowances

For

Merseyside Integrated Transport Authority

The First Report

The Regulatory Context and Paying Regard to Nominating Councils

1. This independent review has been conducted in accordance with the *Local Authorities (Members' Allowances) (England) Regulations 2003* (SI 1021), which came into force on 1 May 2003, as they apply to joint authorities. The main aspects of the regulations that apply to Merseyside Integrated Transport Authority (MITA) permit the Authority to determine most aspects of its own scheme of allowances.
2. However, before a joint authority determines a new scheme of allowances there is a requirement for:

All secondary authorities which set up allowances schemes for their members will be required to have regard to the recommendations of the reviews of those authorities which make nominations to the secondary authority.¹
3. As there is no statutory requirement for "secondary authorities" such as MITA to seek independent advice on their allowances schemes, the provision to require them to refer to nominating authorities when setting their own allowances schemes has been put in its place. The requirement to pay regard to the recommendations of allowances' reviews in the nominating or appointing authorities is also taken to mean the actual allowances schemes that are in place, which in turn arise out of the recommendations of their local remuneration panels.
4. **This review, through its consideration of the wider evidence and in its deliberations, has fulfilled the Authority's regulatory requirement to pay regard to the allowances schemes and recommendations of the statutory independent remuneration panels for the nominating councils.**

¹ Paul Rowsell, Head of Democracy and Local Governance Division, ODPM, The Local Authorities (Members Allowances) (England) Regulations 2003, Annex B, Written Statement, Covering Letter, 2 April 2003

5. The most recent and therefore relevant Panel reports from the nominating councils are:
- Knowsley MBC: Report of Independent Remuneration Panel, April 2011
 - Liverpool City Council: Report by Independent Panel on Members' Allowances, 11 August/14 September 2011
 - St Helens Council: Report of the St Helens Independent Remuneration Panel, July 2010
 - Sefton Council: Report of Independent Remuneration Panel, December 2010
 - Wirral Council: Report of Independent Panel on Members' Allowances, September 2011
6. In the spirit of transparency and in line with good practice MITA has commissioned this independent review to provide advice to the Authority on allowances that goes beyond the regulatory minimum requirements. As such, similar principles utilised by independent remuneration panels in members' allowances reviews in the nominating councils have been applied to this review, except where there is a MITA-related reason not to do so.

The 2003 Members' Allowances Regulations

7. The 2003 Members' Allowances Regulations issued by the Office of Deputy Prime Minister (ODPM – since replaced by the Department of Communities and Local Government - DCLG) require joint authorities to determine their own scheme of Members' Allowances that:
- Shall provide for the payment of a Basic Allowance, which shall be the same amount for each Member
 - May provide payment of an Special Responsibility Allowance (SRA) to those Members who have special responsibilities as defined in the regulations
 - May provide for the payment of travel and subsistence allowances and how and what rates payable
 - May provide for the payment of a Co-optees' Allowance
 - May provide for annual adjustments by reference to an index
 - May provide for backdating of amendments with effect from the beginning of the financial year
 - May provide for payment to be withheld for a period in which a Member is suspended
8. All Joint Authorities are also required to:
- Publish their Scheme of Allowances
 - Maintain a record of allowances paid to Members, with such record being available for inspection at all reasonable times.

- Publish a list of allowances and reimbursements paid to each Member at the end of each year
9. There is no express power or requirement for Joint Authorities to:
- Make direct provision for the payment of a Dependants' Carers' Allowance (DCA)
 - To permit Members to join the Local Government Pension Scheme (LGPS)
 - Establish an independent remuneration panel
10. The 2003 Regulations terminate the ability of joint authorities to pay the following:
- Attendance Allowances
 - Conference Attendance Allowance

The Review

11. MITA appointed Dr Declan Hall, a former academic at the Institute of Local Government, The University of Birmingham, who specialises in Members' Allowances', support, roles, and development, and is experienced in reviewing members' allowances for national, regional and sub-regional bodies as well as principal local authorities.
12. The Review was supported and serviced throughout by the following Officer:
- Ian Mannering, Head of Chief Executive and Director Generals Office
13. The reviewer would like to record his gratitude to the Members and Officers of Merseyside Integrated Transport Authority for ensuring the work of the Review was adequately supported and conducted in an efficient and effective fashion.

Terms of Reference

14. The terms of reference for this review are to make recommendations on the level and scope of allowances for Members appointed to Merseyside Integrated Transport Authority (MITA) in accordance with requirements of the Local Government Act 2000 and the subsequent 2003 Regulations and accompanying 2006 Statutory Guidance.
15. The review should also seek to ensure that the Members' Allowances Scheme for MITA is proved robust and transparent.
16. The review will, in particular, look at the following:-
- I. The level of the Basic Allowance
 - II. The range and levels of SRAs payable
 - III. The range and levels for Co-optees' allowances where appropriate

- IV. The range and levels payable under Merseytravel's travel and subsistence scheme and how they might be delivered
- V. To provide fresh authority for the current automatic indexing for allowances and make recommendations as appropriate
- VI. The appropriate date for implementation of any recommendations from the review
- VII. Whether there should be provision in the allowances scheme for the suspension of Allowances if a Member is suspended or partially suspended from the Authority

Methodology and Approach

17. The reviewer visited the offices of Merseyside Integrated Transport Authority at Hatton Gardens, Liverpool, on the following dates:
 - 17th August 2011
 - 26th September
 - 17th November 2011
 - 24th November 2011
 - 10th January 2012
18. The initial meetings with relevant Officers were for briefings on recent changes to MITA governance structures, and to scope the nature of the review and ascertain information required. The later meetings were utilised to discuss with MITA Members and Officers, the terms of reference and how they might be best addressed. The meetings with Members in particular were used to obtain a qualitative sense of their roles and responsibilities within the new governance structure..
19. The meetings with Members and Officers took the form of "semi-structured" interviews in that a similar range of questions was put to each interviewee. However, they were also discursive in nature in that statements and assertions were taken to their logical conclusion, thus posing not simply questions but positions for Members in particular to consider their validity and robustness. See appendix one for all Members and Officers consulted for this review, including written submissions received, and appendix two for full range of written material reviewed.
20. Regard has also been paid to allowances schemes in the nominating councils in Merseyside and comparative practice in the constituent and other relevant authorities, such as other ITAs, insofar as the most recent information can be readily obtained.

Principles of the Review

21. The review has been conducted within the spirit of the *New Council Constitutions: Guidance on Regulation for Local Authority Allowances 2006*, which also apply to joint authorities established by Part IV of the Local

Government Act 1985. In particular, the recommendations contained in this report seek to be based on a logical construct so that the MITA Members' Allowances scheme:

- Provides recompense for the time required from Members and the responsibility they are required to undertake.
- Provides a degree of compensation as Members and prospective Members have to forgo some aspect of paid employment to fulfil public duties.
- Should as far as practically possible, seek to reduce barriers to public service.
- Is based on a logical construct, in that the Members' Allowances scheme is underpinned by a rationale understood by Members, Officers and the public.

Comments and Observations

The new governance structures – need for further consideration

22. MITA established new governance arrangements on 15th September 2011 and this review has taken place very much in the context whereby the full impacts and operation of the new structures cannot yet be ascertained. While some implications can be clearly seen, such as number of meetings, scope of constitutional responsibilities for relevant post holders, what it means in practice will only become known once the new structures have bedded in. There may even be adjustments in governance structures to improve the operation of the Authority to rectify unforeseen problems.
23. As with all new structures, there is an element of “bedding in” required and as such, the recommendations contained in this report reflect the early stages of the operation of the new structures. Consequently, the recommendations of this review should not be viewed as the final statement on Members' Allowances but as part of an on-going process that will be revisited again in the near future.
24. **It is recommended that the Authority take the opportunity to review its Members' Allowances scheme in 12-18 months in light of experience of the new structures of governance.**

The impact of the new structures

25. The above codicil notwithstanding what is clear is that the new governance structures have changed the way all Members work. There are less formal meetings for all Members to attend but they are now more focused, and involved through being (on average) 4 standing committees that are more business orientated and focused on their remit. The co-joined nature of the ITA and PTE while being unusual (the only other ITA that has a similar model is the West Midlands ITA) appears at this stage to enable Members to drive agendas particularly the Chairs of main standing committees. This early

impression of how the new structures now more involve all Members has been reflected in the recommendations.

The nature of Merseyside ITA – Wide range of responsibilities/functions

26. What is striking about MITA compared to other ITAs/Transport for Greater Manchester Committee (TfGMC) is the range of responsibilities/services for which MITA is responsible. There are the obvious functions which while not necessarily MITA specific are unusual, such as owning and operating Mersey Ferries and Mersey Tunnels, although Mersey Ferries Ltd is a fully owned subsidiary of the Merseyside Passenger Transport Executive (MPTE). It is also responsible for the most extensive rail network of any of the ITAs/TfGMC. Merseyrail is an unique concession in the UK as the role of the Department of Transport in awarding rail franchises has been delegated by Parliament to MITA/MPTE and the concession agreement is between the operator and MPTE.
27. Then there are the unique functions that are the ultimate responsibility for MITA, particularly centred on the tourism and visitor economy, which includes Spaceport, which is wholly owned by MPTE, as is the U-Boat story and The Beatles Story. This aspect is if not unique to MITA is by far the most developed across all the ITAs/TfGMC. It should also be noted that the County of Merseyside Act 1980 provides the basis for MITA to have its own Police Force who are employed to police the two Mersey Tunnels.
28. This wide range of functions and responsibilities is reflected in the annual revenue budget, which is approximately £330m, on a par with some of the medium sized metropolitan councils. The unusual nature of the responsibilities and functions under the overall strategic control of MITA has been taken into account in arriving in particular at the Basic Allowance and the Chair's SRA.

The current economic context and role of review

29. Over the past couple of years, MITA has made savings, and, like all Integrated Transport Authorities, it will be required to continue to do so for the immediate future. This is not to say the role of the review is to pre-empt what are decisions properly reserved to MITA and seek to make savings for the sake of making savings. If that were the case, the review would simply be recommending allowances that result in "a race to the bottom". The role of the review is to make recommendations based on the current knowledge of the new governance structures, the evidence reviewed, and comparative practice to arrive at a judgement on what the roles under consideration are worth.
30. However, the current economic context cannot be ignored – there is little point in making recommendations that bear no relationship to economic reality; that does not help anyone. The recommendations need to have support within MITA and stand up to public scrutiny, which is why the principle of transparency has been incorporated into the terms of reference. As the recommendations stand they will if accepted produce savings on the 2010/11

Members' Allowances scheme, mostly through the reduction of the number of SRAs payable and the continuation of the temporary 1-SRA only rule.

The Basic Allowance

31. The Basic Allowance is intended to recognise the time commitment of all Members – it is paid to recompense for the roles that are common to all Members regardless of whether they hold a position of responsibility. It also is intended to cover “incidental costs” that Members incur arising from their duties.

32. In arriving at the Basic Allowance the 2006 Statutory Guidance (paragraph 67) states

Having established what local councillors do, and the hours which are devoted to these tasks the local authorities will need to take a view on the rate at which, and the number of hours for which, councillors ought to be remunerated.

33. Independent Remuneration Panels in the nominating councils normally break this guidance down into three distinct variables as a means to arrive at the recommended Basic Allowance:

- **Input:** The time required to undertake the roles common to all Members
- **Public Service Discount:** The element of that time which is voluntary
- **Rate of Remuneration:** The rate at which the remunerated time should be paid

Time Required to fulfil roles associated with the Basic Allowance

34. The first task is to establish an average time requirement for all the roles associated with the payment of the Basic Allowance. This figure is different from what Members may be putting into their various ‘backbench’ roles, as the time that Members may have to supply may be lesser or greater than what the roles demand. The interviewees expressed a range of views from the equivalent of 1 day per week to up to 2 days per week being necessary to be an effective Member of MITA. However, the weight of the views was more towards to the lower end of the spectrum.

35. The major change arising out of the new structures of MITA is that Members are expected to be more widely involved across all aspects of the Authority's work rather than specialising through sub-committees and working groups. As noted a distinctive feature of MITA is that it is responsible for a wider range of services than other ITAs/TfGMC, especially when the tunnels, ferries, and visitor economy responsibilities are taken into account. Consequently, all Members of MITA are required to be on at least four standing committees, which is more than in other ITAs/TfGMC.

36. In arriving at the time required to fulfil the roles associated with the Basic Allowance a job scoping exercise was carried out which added up the time commitments of the non-senior Members (See appendix three for details). This arrived at a time requirement equivalent to 5 days per month, or 60 days per year.
37. This assessment of 60 days per year time commitment will need to be tested in light of experience of the new political governance structures that have only been in place since September 2011. It is also recognised that the 60 days time commitment is not necessarily within a 9am-5pm context.

The Public Service Discount

38. In the nominating councils, the IRPs usually discount a proportion (normally between 25%-35%) of the time requirement to recognise the voluntary element of being an elected Member, often referred to as the 'public service discount'. For example, if a public service discount of one third were applied to the expected time commitment for MITA Members, it would in effect mean that 20 days per year would be given voluntarily and 40 days per year would be the remunerated element.
39. However, it is not normal practice to apply a public service discount to the Basic Allowance for members of joint authorities. They are already giving a voluntary amount of time, or public service, through their membership of their nominating council, which is reflected in their respective Basic Allowances. To apply a second public service discount to the MITA Basic Allowance is taking the public service principle to the extreme, particularly considering remuneration received through membership of MITA (unlike remuneration received from nominating authorities) is non pensionable (see below).
40. Consequently, there has been no public service discount applied to the expected time commitment of 60 days per year.

The Rate of Remuneration

41. The question remains: what is the rate of remuneration (or day rate) for the time commitment of 60 days per year? The main choice is between a Merseyside related rate of remuneration and a nationally related rate of remuneration. On the principle that Merseytravel Officers are on a nationally agreed salary scale then for the purposes of arriving at the recommended Basic Allowance a nationally related rate of remuneration will be used for this review.
42. It is noted that the government has announced its intention to introduce local public sector labour markets, with some exemptions, within the next 2 years. How this will affect salary scales for local government staff is yet unknown as local government staff negotiate directly with the employers in setting nationally agreed salary scales and incremental increases. However, if this does occur there may be a case to recalibrate the rate of remuneration to

reflect changes in how salaries are set for staff in Merseytravel, which are currently based on PTE staff pay scales but the annual increment is based on the percentage agreed each year by the National Joint Council (NJC) for local government staff.

43. Up until 2010, the Local Government Association (LGA), as a service to member authorities, each year circulated a revised member allowances daily rate, derived from the latest Annual Survey of Hours and Earnings (ASHE). Historically, it is based on the male non-manual gross average earnings of all full time employees in Great Britain although in recent years for annual up rating purposes it has been indexed to the median percentage increase in gross salaries for all full time employees in the UK as the original figures on which it was based is no longer collected.
44. The LGA daily session rate in 2010 was £152.77 per day. However, the LGA no longer produces this advice and therefore it has lost its resonance and has not been utilised in this review for determining the rate of remuneration for arriving at the Basic Allowance. Moreover, a rate of remuneration that has the male non-manual average earnings as its source is difficult to justify to the electorate.
45. In line with the terms of reference, a more robust and transparent and justifiable rate of remuneration is to relate it to the average gross earnings for all full time employees in the United Kingdom. The 2011 ASHE survey (provisional results) shows that in 2011 the average gross daily earnings for all full time employees in the United Kingdom were £121.10².
46. Thus, a tentative Basic Allowance is arrived at by the following formula:
 - 60 days expected input per year X £121.10 per day
= £7,266
47. A recommended Basic Allowance of £7,266 represents a substantial increase on the current Basic Allowance (£5,675) payable. However, the current Basic Allowance was set for 2011/12 based on the previous system of governance as a temporary measure until this review determined a new Basic Allowance that reflects the demands on Members arising out of the new structures.
48. Moreover, the tentative Basic Allowance of £7,266 must be seen in the context of the overall review in that the remuneration model being proposed here means that there will be savings in Members' remuneration compared to that paid out in 2010/11. The reality of the previous model was that all Members had the opportunity to receive another SRA and the majority did in fact do so. Consequently, the "real" level of remuneration of MITA Members was less transparent and in effect for all but a handful of Members not actually £5,675. The model of remuneration being recommended in this review means that for

² See ASHE, Table 8.1a Weekly pay –Gross (£) – For Full Time employee jobs – United Kingdom 2011, which shows average weekly earnings to be £605.50, which have been divided by 5 working days to arrive at daily rate of £121.10

all but those who hold posts with ‘significant’ additional responsibility a Basic Allowance of £7,266 will be their sole remuneration for serving on MITA, they will not be able to enhance their remuneration through picking up numerous SRAs.

Benchmarking the recommended Basic Allowance

49. Nonetheless, to ‘triangulate’ the recommended Basic Allowance, a health check was carried out to see how the recommended Basic Allowance compares with those paid in other ITAs – see Table 1 below – other Merseyside joint authorities and in the Merseyside nominating councils.
50. The benchmarking shows that the recommended Basic Allowance would be the highest of all the ITAs/TfGMC, with the next closest being the Basic Allowance (£6,000 for 2010/11) paid in West Yorkshire ITA. However, as noted previously MITA is unique in that the range of functions and services it is responsible for and delivers which results in a corresponding heavier workload requirement from MITA Members. MITA is the most advanced of the ITAs/TfGMC in developing broader Member roles and the recommended Basic Allowance reflects this advanced development. It should also be noted that in West Midlands and West Yorkshire ITAs a greater proportion of Members are able to receive a SRA than is being proposed for MITA, which partially obscures the “real” level of remuneration for the majority of their Members – see appendix four.

Table 1: Basic Allowance paid in the ITAs/TfGMC 2011/12

Metropolitan ITA/TfGMC	Basic Allowance
Merseyside	£5,675
South Yorkshire	£3,600
TfGMC ³	£3,825
Tyne & Wear	£3,107
West Midlands	£3,900
West Yorkshire	£6,000
Mean	£4,351

Other Joint Authorities in Merseyside

51. It is noted that the Basic Allowance in the other two Merseyside joint authorities that are able to remunerate their Members, namely the Merseyside Fire & Rescue Authority and Merseyside Police Authority is much higher than what is being recommended for MITA – see below.

³ The Greater Manchester ITA was abolished last year and the functions transferred to the GM Combined Authority which in turn has formed a joint committee with the 10 constituent nominating authorities, the Transport for Greater Manchester Committee (TfGMC) which has delegated responsibilities for transport and some minor highways functions within Greater Manchester

- Merseyside Fire & Rescue Authority Basic Allowance (2011/12): £ 8,070
- Merseyside Police Authority Basic Allowance (2011/12): £11,620

52. The Basic Allowance for all Police Authorities in England and Wales is largely driven by a non-statutory advisory remuneration panel sponsored by the Association of Police Authorities. In June 2008, it recommended a Basic Allowance for all Police Authorities⁴ of between £8,600 and £12,900 depending on size and nature of authority. This range was based on an estimate of 7 to 10.5 hours per week time commitment for ordinary Members. The Basic Allowance for Merseyside F&RA is determined by the Fire Authority.
53. While the Basic Allowance being recommended for MITA compares favourably to the two other Merseyside authorities that are able to pay a Basic Allowance, the comparison is not strictly appropriate. This is particularly the case for the Police Authority where the roles are very different and the Basic Allowance is driven (if not determined) by a national panel. The rationale for the Basic Allowance payable (£8,070) in Merseyside F&RA is unknown although it is noted that while higher than being recommended for MITA it does pay out relatively fewer SRAs than is being proposed here.

The Basic Allowance paid in the nominating Councils

54. While the roles of MITA Members and backbench Members of the nominating councils are different there was a view expressed in interviews that the workload for MITA Members is similar if not more than that for ordinary Members in the nominating councils.

Table 2: Basic Allowance paid in the Nominating Councils 2011/12

Nominating Council	Basic Allowance
Knowsley	£8,825
Liverpool	£10,077
Sefton	£8,520
St Helens	£7,386
Wirral	£9,171
Highest	£10,077
Lowest	£7,386
Mean	£8,796

55. This view has not been accepted. Ordinary Members in the nominating authorities have much larger representative and constituency roles to undertake. Moreover, the 2010 National Census of Councillors shows that

⁴ The British Transport Police, City of London Police Authority, Civil Nuclear Police Authority and Ministry of Defence Police Committee were not included in the recommendations of the APA IRP

Members in Metropolitan Authorities who do not hold positions of responsibility put in on average 24.7 hours per week, which equates to about 12-13.5 days per month, more than twice the assessment for ordinary Members of MITA⁵. It must be remembered however that in the nominating councils a proportion of the time that Members put in is discounted (the public service discount) to recognise the voluntary principle.

56. On the other hand, there is a valid argument that says that MITA ordinary Members are peers of backbench Members of the nominating councils and therefore MITA Members should not be undervalued compared to their peers. Table 2 (above) shows that the average Basic Allowance in the nominating councils is £8,796 with the lowest being the Basic Allowance paid in St Helens at £7,386. Indeed, the annual revenue budget of MITA and Sefton will not be that different. The recommended MITA Basic Allowance of £7,266, while below the average paid in the nominating councils, does not undervalue MITA Members in relation to their peers as it is recognised that being a Member of a nominating council is still a larger role.
57. **The recommended Basic Allowance (2011/12) is £7,266.**

SRAs – the Test of “Significant Additional Responsibility”

58. SRAs may be paid to Members of the MITA “who have significant additional responsibilities, over and above the generally accepted duties” of a Member. In addition, these “special responsibilities must be related to the discharge of the Authority's functions.” (2006 Statutory Guidance paragraph 70). The 2006 Statutory Guidance (paragraph 73) also goes on say that:

It does not necessarily follow that a particular responsibility which is vested to a particular member is a significant additional responsibility for which a special responsibility allowance should be paid.

59. Consequently, in deciding whether a post merits an SRA a test of the post having “significant additional responsibility” has been applied. It follows that many Members will have a post, such as being a Deputy Chair of a Committee or a non-statutory political post which involves a time commitment above and beyond that of the ordinary Member but does not meet the test of “significant additional responsibility”.

Determining the Scope of SRAs Payable and the Nature of an ITA

60. Following on from the above, while the 2003 Members’ Allowances Regulations do not prohibit the number of SRAs that may be paid in an authority the 2006 Statutory Guidance (paragraph 72) does point out if the

⁵ The average number of hours per week put in by back bench Members in metropolitan authorities cannot actually be obtained from the 2010 National Census of Councillors, the breakdown by type of authority and on positions held was supplied by Stephen Richards, Data Analyst at the LGA in an email to Dr Declan Hall on 19 January 2011.

majority of members of an authority “receive a special responsibility allowance the local electorate may rightly question whether this was justified.”

61. This guidance usually leads remuneration panels in principal councils to make recommendations that ensure the majority of Members are not in receipt of an SRA. However this principle is more easily upheld where there are for instance 90 Members in Liverpool and 66 Members in Wirral. It is in the nature of ITAs to have fewer Members, with MITA having 18 full Members appointed from the nominating councils. Consequently, it is difficult, particularly for the larger ITAs/TfGMC, to have a Members’ Allowances scheme that does not pay an SRA to at least 50% of its Members.
62. On the other hand, the 2006 Statutory Guidance (paragraph 72) is still an important consideration in considering the scope of SRAs payable in that it would lead the public to question an Allowances scheme that paid an SRA to the majority of members.
63. The recommendations below, if accepted, would produce a scheme of allowances with 10 SRAs payable, which could stand up to public scrutiny considering the low number of Members on MITA and the application of the test of “significant additional responsibility”.

1-SRA Only Rule

64. The 2003 Members’ Allowances Regulations do not prohibit the number of SRAs an individual Member may receive but again there are strong reasons why many IRPs in nominating councils recommend that a ‘1-SRA only’ rule should be in place. The prime reason is that where a Member can be paid more than one SRA it leads to a lack of transparency in the Members’ Allowances scheme. Members of the public are unable to ascertain the true level of remuneration for a Member from the Members’ Allowances scheme if a Member is able to receive more than one SRA.
65. Moreover, most IRPs review senior posts in the round, which in turn negates the propensity to recommend an allowances scheme where post holders can receive more than one SRA. Finally, it is a principle MITA has already accepted in setting its temporary 2011/12 Members’ Allowances scheme. A principle that enshrined in the Members’ Allowances schemes in all the nominating councils.
66. **Consequently, it is recommended that Members are able to receive 1-SRA only regardless of number of remunerated posts held.**

The Chair’s SRA – The peer approach

67. The role of Chair of the Authority is clearly the most substantial role in MITA, and it can be viewed as being close to a full time equivalent, accepting that the Chair will always have commitments back at their nominating council and also

is expected to fulfil the time expectation associated with the MITA Basic Allowance.

68. While time is not the only consideration in arriving at the Chair's recommended SRA it is an important one in that where there is a requirement for a Chair to spend the majority of their time undertaking responsibilities on behalf of MITA then logically the Chair's remuneration package should enable the Chair to do so.
69. In determining a recommended SRA for the Chair, a peer approach has been utilised. In particular, the relevant peers to the Chair are the Leaders of the nominating councils. The roles of a Council Leader and Chair of an ITA do have some important differences. Council Leaders have formal executive powers and a strategic responsibility for a range of services. On the other hand, while the Chair of MITA may not have a formal executive role there is an overall strategic role and like a Leader, it is where ultimate responsibility rests. Moreover, MITA is not simply a single function joint authority as has been pointed out above. In terms of its revenue budget, it is on a par with the smaller nominating councils. More importantly, there is a cross-boundary and sub-regional, regional, and national role for the Chair of MITA that is not normally required from council leaders.
70. Regardless of similarities and differences between the role of MITA Chair and Leaders in the nominating councils, the reality is that the Chair's peers are the Council Leaders in Merseyside in the sense the Chair primarily works and liaises with Merseyside Council Leaders as opposed for instance Cabinet Members. This type of peer approach has also been utilised to arrive at the SRA for the Chair of the West Yorkshire and West Midlands ITAs.
71. Table 3 below shows the average SRA (2011/12) paid to the Leaders of the nominating councils is £29,813.

Table 3: Leaders Remuneration in nominating Councils 2011/12

	Basic Allowance	Leader's SRA	Total Leader
Knowsley	£8,825	£26,476	£35,301
Liverpool	£10,077	£42,100	£52,177
Sefton	£8,520	£25,560	£34,080
St Helens	£7,386	£32,004	£39,390
Wirral	£9,171	£22,927	£32,098
Highest	£10,077	£42,100	£52,177
Lowest	£7,386	£22,927	£32,098
Mean	£8,796	£29,813	£38,609

72. Thus, to set the SRA of the Chair of MITA at £29,813 places it on a par with peers in the nominating councils. This tentative SRA represents a significant increase on the Chair's SRA payable for 2010/11 (£24,308). However, the

previous scheme permitted the receipt of multiple SRAs and this enabled a number of Members including the Chair to enhance their remuneration. This will no longer be the case, and in fact represents a decrease in the “real” SRA remuneration of the Chair on 2010/11, which was just under £42,000.

Comparing the Recommended Chair’s SRA

73. As with the tentative Basic Allowance, a health check was carried out to see how the recommended Chair’s SRA compares with those paid in other ITAs – see Table 3 below.
74. Due to the ability to pick up multiple SRAs under the old allowances scheme, the Chair of MITA was always the highest paid across all ITAs/TfGMC. The comparative exercise shows that the recommended SRA for the Chair (£29,813), while representing a significant increase on the temporary SRA of £24,308 actually represents a decrease in total SRA remuneration of over £12,000 compared to last year. In 2010/11, with multiple SRAs payable it meant the Chair received over £41,000 in SRAs. Nonetheless, the recommended 1-SRA only of £29,813 would still leave the Chair of MITA as the highest paid in the ITA/TfGMC comparator group, once the Basic Allowance (£7,266) is taken into account. However, the total remuneration package (£37,079) for the Chair that is being proposed here would only be marginally above that paid to the Chair of West Yorkshire ITA (£37,000) and in the same bracket at that paid to the Chairs of the other large ITAs/TfGMC, which is the West Midlands ITA (£31,000) and TfGMC (£32,075).

Table 4: Chairs Remuneration in ITAs/TFGMC 2011/12

Comparator ITA/TfGMC	Basic Allowance	Chair's SRA	Chair's Total Remuneration
Merseytravel	£5,675	£24,308	£29,983
South Yorkshire ITA	£3,600	£13,909	£17,509
Transport for Greater Manchester Committee	£3,825	£28,250	£32,075
Tyne & Wear ITA	£3,107	£12,198	£15,305
West Midlands ITA	£3,900	£27,200	£31,100
West Yorkshire ITA	£6,000	£31,000	£37,000
Lowest	£3,107	£12,198	£15,305
Highest	£6,000	£31,000	£37,000
Mean	£4,351	£22,811	£27,162

75. This level of remuneration for the Chair of MITA is reasonable once the scope and size of MITA has been taken into account – despite having the greatest range of responsibilities of any ITA/TfGMC the remuneration package being proposed for the Chair cannot be regarded as excessive when compared to other ITA/TfGMC Chairs. The benchmarking exercise shows that the

recommended Chair's SRA of £29,813 maintains the remuneration of the Chair on a broad parity with the Chairs of the larger cohort of ITAs/TfGMC.

76. The recommended SRA for the Chair of MITA is £29,813.

Arriving at other recommended SRAs – Pro-rated against the Chair

77. In arriving at the other recommended SRAs the approach laid out in the 2006 Statutory Guidance has been followed as laid out in paragraph 70:

Having determined which duties should be acknowledged as significant additional responsibilities, the local authority will need to consider the levels of special responsibility allowance which are attached to each post. A good starting point in determining special responsibility allowances may be to agree the allowance which should be attached to the most time consuming post on the Council (this maybe the elected mayor or the leader) and pro rata downwards for the other roles which it has agreed ought to receive an extra allowance.

78. In other words, the Chair's SRA represents 100% for pro rata purposes, it will be the role with the greatest time commitment and responsibility. All other remunerated posts have been assessed as a proportion of 100%. This is the most common method in arriving at the other SRAs by Panels in the nominating councils.

Vice Chair of the Authority/Chair of Strategy and Finance Committee

79. The current allowances scheme provides an SRA of £12,896 for the Vice Chair of MITA, which is 53% of the Chair's SRA. In 2011/12 the mean SRA paid to ITA/TfGMC Vice Chairs is £11,578, which is just under 51% of the average SRA paid to ITA/TfGMC Chairs.

80. However, the Vice Chair of MITA's role needs to be seen in the round. In the new structures, the Vice Chair of MITA is also expected to be the Chair of the Finance and Strategy Committee. The current scheme provides a SRA of £8,512.95 for Chair of the Finance and Strategy Committee, which in turn is 35% of the Authority Chair's SRA. In terms of remuneration it is assessed as the principal committee of the Authority.

81. The Vice Chair has a responsibility through working closely with the Chair, attending briefings with the Chair, and Chair's conferences, acting as a sounding board, and like the Chair only to a lesser extent has responsibility to take a strategic overview on the policy development and direction of the Authority. Consequently, as with the Chair of MITA, the Vice Chair is either directly appointed to or is an ex officio member of the other main standing committees.

82. The strategic overview role of the Vice Chair is further emphasised through being the Chair of the Strategy and Finance Committee. This committee is responsible for developing all corporate strategies, policies, and key plans, including the Local Transport Plan (LTP), and ensuring that the Authority has robust Corporate Governance, Financial Planning, and Management. The Chair (Vice Chair of MITA) of Strategy and Finance has a responsibility to liaise with the Local Enterprise Partnership, the City Region cabinet and City Region Districts and other relevant stakeholders in developing the LTP. The Strategy and Finance Committee also oversees the Corporate Social Responsibility agenda, customer forums and receives their reports if not referred to another Committee, and embed equality and diversity matters in the Authority's activities.
83. The importance of the Strategy and Finance Committee is emphasised by the fact that the Chair of MITA, Opposition Group Spokespersons (Leaders) and Chairs of the six other standing committees all sit on the Strategy and Finance Committee.
84. The size of roles of the Vice Chair of MITA and Chair of Strategy and Finance (and the appropriate SRA) when assessed together are not simply the sum (£21,409 which is 88% of the Chair's current SRA) of the SRAs assigned to the two posts separately. There is a natural synergy between the role of MITA Vice Chair and Chair of Strategy and Finance. While it is difficult to assess the degree of synergy, as the new structures are relatively new for the purposes of this review the joint Vice Chair and Chair of Strategy and Finance role has been assessed at 60% of the Chair's recommended SRA. It is noted that the level of responsibility associated with this joint role may evolve and need to be reassessed.
85. **Thus, the recommended SRA for the Vice Chair of MITA/Chair of Strategy and Finance Committee is £17,888 (the Chair's recommended SRA of £29,813 multiplied by 60%).**

Chairs of the Other Standing Committees (6)

86. In the new structures there are six other standing committees, namely:
- Rail Services
 - LTP Delivery, Bus and Merseytram
 - Tunnels, Ferries & Visitor Economy
 - People, Organisational Development & Governance Delivery
 - Policy Delivery & Review
 - Corporate Social Responsibility
87. The current scheme provides a SRA paid equally to each Chair of £4,433, which is 18% of the Chair's SRA under the temporary 2011/12 Members' Allowances scheme. While a case can be made to differentiate between the workload and responsibility of the chairs of the other standing committees the

differences are hard to identify and in reality appear to be so marginal at this stage that there is not a case to differentiate between their SRAs. **Consequently, it is recommended that the SRAs for the six Chairs of the other standing committees be paid an equal SRA.**

88. This is a more slimmed down structure than the previous one with the respective chairs having a larger role in that they are tasked with more than simply the traditional chairing role. They also have a 'lead' Member role. In particular, they are responsible for developing the work plans of their committees, they meet more regularly with their Lead Director and sign off on reports and work plans. It is generally a more challenging approach for both Officers and Members.
89. A more appropriate assessment of the size of their roles is 25% of the Authority Chair.
90. **The recommended SRA for the Chairs of the six other main standing committees is £7,453, which is 25% of the recommended SRA for the Chair of MITA.**

The Deputy Chairs of all the Main Standing Committees (7)

91. In the previous structures, the Deputy Chairs of main committees/forum received an SRA (£4,433/£3,689). While the Deputy Chairs do have a workload, it does not meet the test of additional significant responsibility. Moreover, it is a reasonable expectation that a Member would be a Deputy Chair of a standing committee during their time on MITA, which is covered by the Basic Allowance. Finally, if the Deputy Chairs were to receive a SRA it would replicate one of the main problems of the previous remuneration model and in effect provide a SRA for all Members of the Authority, a situation that would not stand up to public scrutiny. While there are Deputy Chairs in other ITAs/TfGMC who receive a SRA the governance structures are so different that it is difficult to make meaningful comparisons beyond it is not a universal phenomena. In the five other ITAs/TfGMC, only West Midlands ITA and TfGMC remunerate Committee Deputy Chairs. In TfGMC, the Deputy Chairs have a discrete task to undertake. In West Midlands ITA, there are only three standing committees and the Deputy Chairs have defined tasks to undertake in relation to sub-committees. Moreover, in the nominating councils only one council, Knowsley, are the Deputy Chairs of committee paid an SRA.
92. Serious consideration was given to remunerate Deputy Chairs for when they may have to stand in for their Chair, via a 'temporary' SRA. However, this practice does not exist in either the nominating councils or other ITAs/TfGMC. On this basis, it was decided not to go down this route.
93. **Therefore, it is not recommended that the Deputy Chairs of the main committees receive a SRA.**

Opposition Spokespersons

94. The 2003 Members' Allowances Regulations require that at least one member of the Opposition receives an SRA where one or more groups control the authority and the Opposition groups are registered under the 1989 Local Government and Housing Act. The mandatory SRA does not have to be paid to an Opposition Spokesperson but as the majority group on MITA take all the leading posts it is the case in this instance.

Principal Opposition Spokesperson (Conservative)

95. The current remuneration scheme provides a SRA for both Opposition Spokespersons that is paid equally. Both the Liberal Democrat and Conservative Opposition Spokespersons receive a SRA of £1,195, which is 5% of the Chair's SRA. Although, the Conservative Opposition Group (with 3 members) is larger than the Liberal Democrat Opposition Group (with 2 members) the difference is so marginal as not to make much difference in terms of the group management role.
96. To be recognised as a political group under the 1989 Local Government and Housing Act, a group only needs two members. However, IRPs in principal councils often take the view that leading a group of 2 members does not meet the test of additional significant responsibility. They often impose a higher qualifying criteria before an Opposition Group Leader/Spokesperson is paid an SRA. It is usually based on an Opposition Group having a minimum of 5 Members or 10% of total membership of the council.
97. However, the role of the Opposition Spokespersons on MITA (as on most joint authorities) is different from the traditional political Opposition role in principal councils. There tends to be less emphasis on 'political' Opposition and more emphasis on critical challenge and supporting the objectives of the Authority. Unlike in principal councils, in MITA the Opposition Spokespersons are ex-officio (unless otherwise directly appointed) on all the standing committees. The fact that they are ex officio members of the Strategy and Finance Committee underlines the inclusive nature of a joint authority like MITA. It highlights how Opposition Spokespersons have a positive and not just an oppositional role to perform. They also have an ambassadorial role, in that they are expected to represent their group at external events such as award functions, remembrance Sunday, etc.
98. Consequently, there is a case to remunerate the Opposition Spokespersons despite the small size of their groups, although the case is stronger vis-à-vis workload than responsibility. Their current job sizing does not recognise wider nature of their role and their SRAs have been set at 10% of the Chair's recommended SRA.
99. **Consequently, the recommended SRAs for the Opposition Spokespersons are £2,981, which is 10% of the recommended SRA of the Authority Chair.**

Group Secretaries

100. Currently, the Allowances scheme provides an SRA for each of the Group Secretaries, with the Majority (Labour) Group Secretary's SRA paid at £2,287, which is just over 9% of the Chair's SRA. The Minority (Conservative and Liberal Democrat) Group Secretaries each receive an SRA of £1,195, which is 5% of the Chair's current SRA.
101. It is recognised that the Group Secretaries have a broader role than traditional group whips. While they do have a disciplinary role (which will vary according to group standing orders and can include performance review of their group Members) they also have an administrative role by organising substitutes and assisting in the running of the Authority through ensuring that their Members are allocated onto relevant committees and a general group co-ordination role.
102. However, there is a question of public perception in paying SRAs for what are essentially group roles, although important they may be in the effective running of the Authority. Moreover, the responsibility associated with co-ordinating and organising groups of 13, 3, and 2 Members is by definition limited when compared to that in nominating councils. If the Group Secretaries were to receive an SRA the issue of public perception also comes into play once again – it would mean 13 out of 18 Members receiving an SRA. A remuneration scheme where 72% of the membership were deemed to have “additional significant responsibilities” would be difficult to explain to the public.
103. Most strikingly, MITA is the only ITA/TfGMC that currently remunerates Group Secretaries; it is an historical practice unique to MITA. In addition, IRPs in principal councils are often reluctant to remunerate equivalent positions as they view them as primarily “party political” posts. In the five nominating councils to MITA, only Liverpool remunerates similar posts (“party whips”) where there are 90 Members.
104. It is noted that the Opposition Groups receive limited secretarial and administrative support compared to that usually received in the nominating councils but that is not a strong argument to substitute it by remunerating a group secretary.
105. **Consequently, it is not recommended that the Group Secretaries receive an SRA.**

European Spokesperson

106. The temporary 2011/12 MITA Members' Allowances scheme makes provision for an SRA of £4,433 payable to the Authority's European Spokesperson. Due to the Authority's own implementation of the 1-SRA rule (subject to recommendations of this review) it is not payable at present. Nonetheless, the rationale for maintaining this SRA is not present in the new structures as the

responsibility for European issues rests primarily with the Chair of MITA and Vice Chair of MITA/Chair of Strategy and Finance.

107. **It is recommended that the current provision for an SRA for the European Spokesperson be deleted from the 2011/12 Members' Allowances scheme**

Members appointed to the Mersey Ferries Limited Board of Directors

108. The Tunnels, Ferries and Visitor Economy Committee has *inter alia* responsibility to monitor the safe operation, service performance, capital budget and quality of Mersey Ferries. However, the actual operation of Mersey Ferries is run by separately constituted company – Mersey Ferries Limited. It is overseen by a Board of Directors, to which the Authority appoints two MITA Members, with the Chair of MITA appointed as an observer. As a legally separate entity and as per common practice all full Members of the Board of Directors of Mersey Ferries Limited are paid a directors fee of £4,250.
109. There is an argument to suggest these payments should be taken into account when a local or joint authority sets its Allowances' scheme. Indeed, there is precedence in this area. The Scottish Local Authorities Remuneration Committee (SLARC – which is the advisory remuneration panel for all local authorities and joint boards in Scotland) recommended in its 2010 Report that elected Members appointed to “arms length organisations” controlled, set up, funded and appointed to by nominating councils should be prohibited any additional remuneration. The Cabinet Secretary for Finance, Employment and Sustainable Growth accepted this recommendation and prohibited such payments from 1st July 2011.
110. Yet, the payment of directors appointed to the Mersey Ferries Board are outside the MITA Members' Allowances scheme, and therefore out with the remit of this review of Members' Allowances. However, the payment received by MITA Members arises solely out of their membership of and is in the gift of the Authority and there should be a responsibility on Members in receipt of this payment to have it published when the Authority publishes the summary of remuneration and expenses received by Members each year. Again, there is precedence in this area. The Independent Remuneration Panel Wales determines (from 1st April 2012) the scope and levels of Members' Allowances for all local, National Park and Fire and Rescue authorities Wales. In its December 2011 Annual Report (with determinations applicable 2012/13) it states that the Panel “expects” that councils should (paragraph 3.24)
- In the interests of transparency, their annual public declarations of payments to members include remuneration from all public service appointments held by elected members.
111. Moreover, the 2011 Localism Act, which received Royal Assent in November 2011, will require the director fees received by Merseytravel Officers appointed to the Ferries Board to be published. Consequently, it is reasonable to expect

MITA Members appointed to the Ferries Board to have their director fees set out in the public arena.

112. **It is recommended that those MITA Members appointed to the Mersey Ferries Boards have their directors fees published in the statutory annual publication of allowances and expenses received by all MITA Members.**
113. It is pointed out that where a Member receives an SRA and a Mersey Ferries Board director fee the Member is able to decide whether they want to renounce their SRA or fee, or if they opt to receive both then it is for them to justify that decision in the public arena.

Other Allowances and Reimbursements

Co-optees' Allowances

114. Presently the three statutory non-elected Co-optees, including the co-opted Chair, on the Standards Committee receive a Co-optees' Allowance of £1,375 each. In principal councils, it is common to remunerate the statutory co-opted Chair of a Standards Committee at a higher level than other co-opted Members. The Chair has a leading role to undertake in dealing with complaints against Members and to ensure that the Code of Conduct is kept up to date as well as duties associated with chairing each meeting of the Standards Committee.
115. However, there has only been one complaint against a Member since 2000 and the Standards Committee only meets 3 times per year, although it is recognised that the Co-optees on Standards attend full Authority, and are invited to other meetings where relevant. Moreover, the requirement for all principal and joint authorities to maintain a statutory Standards Committee will be discontinued from April 2012 under the 2011 Localism Act, although the requirement to have a Code of Conduct is maintained. A non-statutory Standards Committee may be maintained to oversee the Code of Conduct or it can be retained as a function of the Authority and any breaches of the Code of Conduct must be investigated. As a result, the post of statutory co-opted members on Standards Committees will discontinue from April 2012. However, where an allegation against a breach of the code of conduct has been made against a Member then the Authority will have to appoint an "independent person" to provide external advice. It will be for the Authority to determine whether and at what rate that "independent person" is paid but it would be good practice for this Authority to seek independent advice during a future review. It will also be for MITA to decide on whether it maintains a non-statutory Standards Committee and how it will oversee the operation of its statutory Code of Conduct.
116. **It is recommended that there is no change to the current level of Co-optees' Allowances and it is maintained at £1,375.**

Travelling and Subsistence Allowances

Car Mileage Rates

117. Since 2003, both Travelling and Subsistence Allowances have been discretionary allowances in that they are determined by the Authority. Previously they were statutory allowances with the maximums prescribed by the Secretary of State. Presently, the mileage rates claimable by Members are as follows:

Members Mileage Allowance	500-999cc	1000-1199cc	Over 11199cc
Rate per mile	3.6.7p	41.9p	51.4p

118. There does not appear to be any particular reason for the current mileage rates except that they relate to Officer Casual User Mileage Rates that derives from those agreed by the National Joint Council (NJC) for local government staff from about 4-5 years ago. Interestingly, Officers, under the Casual User Mileage Allowances scheme, which is set by the NJC are paid at 2011/12 rates so the link between Members and Officers mileage rates has been broken.
119. The trend across local government for Members is to base mileage rates on Her Majesty's Revenue and Customs (HMRC) Approved Mileage Allowance Payments (AMAP) rates. These mileage rates have the advantage of not incurring any tax or national insurance liability by the claimants and have a 'green' dimension in that they do not reward vehicle owners with larger engines, and include provision for passenger supplements and are claimable for transport by bicycle.
120. **It is recommended that the mileage allowances for MITA Members are based on the full HMRC AMAP rates and the applicable rates are inserted into the Members' Allowances Scheme in an appropriate appendix/annex as set out in table 5 below:**

Table 5: Members' Mileage Rates 2012/13

Vehicle Type	First 10,000 business miles in the tax year	Each business mile over 10,000 in the tax year
Cars and vans	45p	25p
Motor cycles	24p	24p
Bicycles	20p	20p
Passenger Supplement Rate	5p per passenger	5p per passenger

Other/Public Transport

121. Currently, where a Member travels by public transport to attend approved duties they are entitled to claim reimbursement of costs upon production of receipts.
122. **It is recommended that the terms and conditions by which Members travelling by other/public transport to attend approved duties can claim reimbursement are unchanged.**

Travel Allowances – Approved Duties

123. There was no evidence received to suggest the current definitions of approved duties for which the Travel Allowances may be claimed are inappropriate.
124. **Consequently, it is recommended that the current list of approved duties for which the Travelling Allowance can be claimed be maintained.**

Subsistence Allowances

Day Subsistence Rates – Within the Authority (Merseyside)

125. As the current Members' Allowances scheme stands Members are permitted to claim Subsistence Allowances for attending approved duties within Merseyside. It is increasingly common to discontinue this allowance for attending approved duties within an authority. It cannot be claimed by employees and the allowance is a hangover from the days when Members received nominal remuneration. Moreover, it is rarely claimed by MITA Members as sandwiches are usually provided.
126. **It is recommended that the right of Members to claim Subsistence Allowances for attending approved duties within Merseyside be discontinued.**

Day Subsistence Rates – Out With the Authority (Merseyside)

127. The current Subsistence Allowance rates are the same that can be claimed by Officers. In turn, these rates appear to be based on rates that were set when they were determined by the Secretary of State prior to 2003. However, there was no evidence or representation received to suggest that they need revising.
128. **It is recommended that the Subsistence Allowances are maintained and inserted into the published Members' Allowances scheme as follows:**

Table 6: Members' Subsistence Rates 2012/13

Allowance	Rates	Condition
Breakfast Allowance	£5.00	For an absence of more than 3 hours away from normal place of residence before 11am
Lunch Allowance	£7.00	For an absence of more than 3 hours away from normal place residence including lunchtime between 12 noon and 2pm
Tea Allowance	£3.00	For an absence of more than 3 hours away from normal

Evening Meal Allowance	£9.00	residence including the period between 3pm and 6pm For an absence of more than 3 hours away from normal residence ending after 7pm
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129. In the case of **Overnight Absence, from the usual place of residence the maximum reimbursement shall be as follows:**
- £150 outside London
 - £170 in London or for purposes of attending an annual conference
130. **Furthermore, it is recommended that it be clarified in the published Members' Allowance that the Subsistence Allowances – both day and overnight allowances will only be reimbursed upon production of receipts.**

Provision for Withholding of Allowances

131. Currently, the 2003 Members' Allowances Regulation enables the Authority to withhold a Members' Allowances if they are suspended from the Authority, but only insofar, the provision is included in the allowances scheme. The MITA Members' Allowances scheme does not contain this provision and it could potentially lead to a situation where Member was suspended and still receive their Basic Allowance and SRA where applicable. This situation has never occurred in MITA but if it did, it would be potentially embarrassing.
132. **Consequently, it is recommended that the MITA Members' Allowances scheme contain provision to with hold a Members' Allowances when they are suspended from the Authority by the Standards Committee.** The 2011 Localism Act may remove the ability of the Authority to maintain this provision or have the right to suspend a Member only after receiving advice from an 'independent person'. Nonetheless, this provision should still be maintained insofar as it the 2011 Localism Act provides for it.

Indexation

133. **It is recommended that the following indexes are maintained and/or adopted:**
- **Basic Allowance and SRAs, Co-optees' and Subsistence Allowances:** indexed to the same percentage increase as agreed each by the NJC for local government staff nationally to be applied from the date of MITA Annual Meeting
 - **Mileage Allowances:** indexed to the AMAP rates as approved by HMRC

Implementation of Recommendations

- 134. As permitted by the 2003 Members' Allowances Regulations (paragraph 10. (6)) it is recommended that the new Basic Allowance and Special Responsibility Allowances as approved by MITA arising from this review should be implemented from the date the new structures were put in place on 15th September 2011.**

- 135. It is further recommended that the recommendations for the Travelling and Subsistence Allowances and with holding allowances are implemented from the date of the full meeting of the Authority that agrees and determines its new scheme of allowances, any date thereafter agreed by the Authority, but not later than 1st April 2012.**

APPENDIX ONE: Members and Officers who met with the Reviewer

Members:

Cllr Ron Abbey	Chair of LTP, Bus & Merseytram Committee (Wirral)
Cllr Chris Blakeley	Leader of Conservative Group (Wirral)
Cllr Alan Dean	Vice Chair of Authority/Chair of Strategy & Finance Committee (Liverpool)
Cllr Mark Dowd	Chair of Authority (Sefton)
Cllr Joe Hanson	Chair People & Governance Delivery Committee (Liverpool)
Cllr Andrew Makinson	Leader Liberal Democrat Group (Liverpool)
Cllr Michael Murphy	Chair Tunnels Ferries & Visitor Economy Committee (Knowsley)
Cllr Marlene Quinn	Chair Policy and Delivery Committee (St Helens)
Cllr Mary Rasmussen	Chair Corporate Social Responsibility Committee (Liverpool)
Cllr Liam Robinson	Chair of Rail Services Committee (Liverpool)

Written Submissions:

Cllr John Dodd	Deputy Leader & Group Secretary Liberal Democrat Group
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Co-optees:

Mr Tony Elwood:	Chair of Standards Committee
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Officers:

Jim Barclay	Director of Resources
Liz Chandler	Director of Corporate Development
Ian Mannering	Head of Chief Executive and Director Generals Office
Louise Outram	Head of Legal and Committee Services
Steve Maddox	Clerk to the Authority
Frank Rogers	Director of Customer Services
Neil Scales OBE	Chief Executive/Director General

Declarations of Interest:

Liz Chandler partner is Vice Chair of Authority

APPENDIX TWO: Papers and Other Written Material Considered by Review

1. Temporary 2011/12 MITA Members' Allowances Scheme
2. 2010/11 MITA Members' Allowances Scheme
3. Annual publication of allowances and expenses received by MITA Members 2010/11
4. Joint Report of Chief Executive, Clerk to the Authority and Director of Corporate Development, "Review of the Authority Committee Structure", 15 September 2011
5. Neil Scales OBE, Chief Executive/Director General, "Introduction to the ITAs and the PTEs Roles and Responsibilities" (Power point presentation) 27 June 2011
6. Neil Scales OBE, Chief Executive/Director General, Stephen Twigg MP Advisory Panel "Challenges facing the Merseyside Integrated Transport Authority" (Power point presentation) 30 September 2011
7. Proposed Schedule of Authority and Committee Meetings 2011/12 (6 October 2011)
8. Revised Committee Structure of Authority 2011/12, including membership and terms of reference for committees (16 October 2011)
9. MITA Structure of Committees and Sub Committees 2011/12 (June 2011 – replaced by new structures 15 September 2011)
10. Schedule of Authority and Committee Meetings 2011/12 (6 June 2011 – old structures)
11. Merseytravel: Merseyside ITA, Standing Orders – Constitution, 27 May 2011
12. Merseytravel: Merseyside ITA, Delegation of Powers, 27 May 2011
13. Merseytravel: Merseyside ITA and Merseyside PTE and Mersey Ferries Limited – Financial Regulations, 27 May 2011
14. Merseytravel: Merseyside ITA and Merseyside PTE and Mersey Ferries Limited – Standing Orders – Estates Procedures, 27 May 2011
15. Merseytravel: Merseyside PTE Standing Orders – Constitution, 20 May 2011
16. Merseytravel: Mersey Ferries Limited Standing Orders – Constitution, 27 February 2009
17. Proposed Work plans for Lead Members/Directors 2011/12
18. LGA, LGAAlert 62/10, Members Allowances 23 June 2010
19. Office of Deputy Prime Minister (ODPM): SI 2003 No. 1021, *The Local Authorities (Members' Allowances) (England) Regulations 2003*, 7 April 2003
20. Department of Communities and Local Government and HMRC, *New Council Constitutions: Guidance on Consolidated Regulations for Local Authority Allowances*, 5 May 2006.
21. Members' Allowances Schemes for MITA nominating councils 2011/12 namely
 - Knowsley
 - Liverpool
 - Sefton
 - St Helens
 - Wirral

22. The most recent Panel reports from the nominating councils namely:
 - Knowsley MBC: Report of Independent Remuneration Panel, April 2011
 - Liverpool City Council: Report by Independent Panel on Members' Allowances, 11 August/14 September 2011
 - St Helens Council: Report of the St Helens Independent Remuneration Panel, July 2010
 - Sefton Council: Report of Independent Remuneration Panel, December 2010
 - Wirral Council: Report of Independent Panel on Members' Allowances, September 2011
23. Members' Allowances scheme from other ITAs/TfGMC 2011/12 namely
 - South Yorkshire ITA
 - Transport for Greater Manchester Committee
 - Tyne & Wear ITA
 - West Midlands ITA
 - West Yorkshire ITA
24. Annual Survey of Hours and Earnings, Table 8.1a Weekly pay –Gross (£) – For Full Time employee jobs – United Kingdom 2011, Office of National Statistics
25. Independent Remuneration Panel for Wales, Annual Report, December 2011
26. Scottish Local Authorities Remuneration Committee - Fourth Report: 2010 Review of Remuneration for Local Authority Councillors

APPENDIX THREE:

Role Profile: Member of Merseyside Integrated Transport Authority

Meetings per year

Full ITA/Workshop: Nine meetings per year – on average 1 day per joint Workshop/ITA meeting
= 9 days including element for travel (which can range from 20 minutes to 2 hours depending on where member resides)

Preparation: on average = ½ day per meeting
= 4.5 days per year

Sub Total = 13.5 days per year

Committee Meetings: each Member expected to serve on average four Committees
Average 8 meetings per year per committee = 32 meetings @ ½ day per meeting including element for travel
= 16 days per year

Preparation: on average = ¼ day per meeting
= 8 days per year

Sub Total = 24 days per year

Group Pre-Meeting: for all Workshop/ITA (9) and Committee (32) meetings – on average 41 per year at 1 hour per group meeting

41 meetings @ ½ hour per meeting = 20.5 hours per year, divided by 7.5 hour working day = 2.5 days per year

Sub Total = 2.5 days per year

Other Meetings: including sub panels, working groups, appeals and other quasi- judicial meetings (such as Standards), other internal training events, meetings with group Leader/Chair and or Officers, and miscellaneous and ad hoc meetings on average 16 times per year @ ½ day per meeting, including element for travel and preparation = 8 days per year

Sub Total = 8 days per year

External Meetings/Events: attending external training/conferences, opening of new bus station/facility in district, meetings/briefings in districts concerning Merseytravel services on average 12 times per year @ ½ day per meeting/event = 6 days per year

Sub Total = 6 days per year

Representational/District/Constituent Related Duties: including dealing with enquiries at district regarding Merseytravel services whether from district members or constituents, speaking locally on Merseytravel issues (such as spokesperson role), etc = on average 6 days per year

Sub Total = 6 days per year

Total Expected Input per year = 60 days

**APPENDIX FOUR
Allowances Paid in Nominating Councils**

Merseyside Metropolitan Councils: Basic Allowance + Executive + Regulatory SRAs 2011/12

Nominating Council	BA	Leader SRA	Total Leader	Deputy Leader	Group Leaders in Cabinet	Cabinet	Main O&S Chair	Scrutiny Chairs or Lead Members	Scrutiny V/Chairs or Lead Members	DCC Chair	DCC V/Chair	Licensing Chair	Licensing V/Chair	Area Partnership Board Chair	Area Partnership Board V/Chair	Audit Chair
Knowsley	£8,825	£26,476	£35,301			£13,238	£6,619	£6,619	£3,309	£6,619	£3,309	£6,619	£3,309	6619	3309	
Liverpool	£10,077	£42,100	£52,177	£16,014		£14,032		£9,339		£9,339		£9,339				
Sefton	£8,520	£25,560	£34,080		£21,300	£17,040		£4,260		£8,520		£8,520				£4,260
St Helens	£7,386	£32,004	£39,390	£17,850		£14,772	£14,772	£4,677		£7,386		£4,677				
Wirral	£9,171	£22,927	£32,098	£11,463		£9,171		£4,585		£4,585		£4,585				£4,585
Highest	£10,077	£42,100	£52,177	£17,850		£17,040	£14,772	£9,339		£9,339		£9,339				£4,585
Lowest	£7,386	£22,927	£32,098	£11,463		£9,171	£6,619	£4,260		£4,585		£4,585				£4,260
Mean	£8,796	£29,813	£38,609	£15,109		£13,651	£10,696	£5,896		£7,290		£6,748				£4,423

Merseyside Metropolitan Councils: Political and Other SRAs 2011/12

Nominating Council	Controlling Group Whip or Business Manager	Leader Main Opposition Group	D/Leader Main Opp Group	Opp Business Manager	Shadow Cab Members or Spokesp'son	Leader Minority Opposition Group	D/Leader Minority Opposition Group	HR or Employment Appeals Chair	HR or Employment Appeals V/Chair	Appeals Chair	Appeals V/Chair	People & Organisational Change Champion	Area Chairs	V/Chair Areas	Co-optee Chair of Standards
Knowsley		£6,619						£4,412	£2,206	£4,412	£2,206		£4,412	£2,206	none paid
Liverpool	£9,339	£12,233		£4,677	£4,677							£6,476	£6,476		
Sefton		NA			£4,260										
St Helens		£14,772	£1,476			£1,476									none paid
Wirral		£13,756	£6,878			£9,171	£4,585	£2,751							£1,375
Highest		£14,772	£6,878		£4,677	£9,171							£6,476		Highest
Lowest		£6,619	£1,476		£4,260	£1,476							£4,412		Lowest
Mean		£11,845	£4,177		£4,469	£5,324							£5,444		Mean

APPENDIX FIVE

Allowances Paid in ITAs/TfGMC

Allowances Paid in ITAs/TfGMC 2011/12 Part One

Comparator Authority	Basic Allowance	Chair's SRA	Chair's Total Remuneration	Vice Chair	Exec Board Mbr/District Spokesperson/Chair of District Liaison Committee	Exec Board Mbr Only	District Spokesperson/Chair District Liaison Only	Chair Strategy & Finance	Dep/Chr Strategy & Finance	Member Transport Strategy	Chair Policy & Delivery Review	Dep/Chr Policy & Delivery Review	Chair Corporate Social Responsibility
Merseytravel	£5,675	£24,308	£29,983	£12,896				£8,513	£4,433		£8,513	£4,433	£4,433
South Yorkshire ITA	£3,600	£13,909	£17,509	£6,954									
Transport for Greater Manchester Committee	£3,825	£28,250	£32,075	£14,125							£14,125	£5,050	
Tyne & Wear ITA	£3,107	£12,198	£15,305	£4,055							£2,025		
West Midlands ITA	£3,900	£27,200	£31,100	£19,040				£8,976	£2,992	£3,692			
West Yorkshire ITA	£6,000	£31,000	£37,000	£12,400	£7,750	£6,200	£6,200						
Lowest	£3,107	£12,198	£15,305	£4,055									
Highest	£6,000	£31,000	£37,000	£19,040									
Mean	£4,351	£22,811	£27,162	£11,578									

Notes:
TfGMC have 3 Vice Chairs who also each chair a sub committee, they include the Deputy Leader of Majority Group and 2 Other Group Leaders

Allowances Paid in ITAs/TfGMC 2011/12 Part Two										
Comparator Authority	Leader of Opposition	Deputy Leader Opposition	Opposition Group Secretary	Leader of Minority Opposition	Minority Opposition Group Secretary	Majority Group Secretary	Chair Standards	Dep/Chr Standards	Standards Co-optee	Other Co-optee
Merseytravel	£1,195		£1,195	£1,195	£1,195	£2,287				
South Yorkshire ITA	NA						£924		£461	£73 p/meeting
Transport for Greater Manchester Committee	NA						NA		NA	
Tyne & Wear ITA	£2,025						£2,025		£1,013	
West Midlands ITA	£10,880	£4,219					£600	£300		
West Yorkshire ITA	£10,350			£7,750			£37 p/meeting		£37 p/meeting	
Lowest										
Highest	£10,880									
Mean	£6,113									