

CORPORATE MANAGEMENT COMMITTEE

21 JANUARY 2016

APPENDIX 'F'

**MEMBERS' ALLOWANCES – REPORT OF THE
INDEPENDENT REMUNERATION PANEL**

Appendix 'F'

**Sixth Report of the Independent Remuneration Panel
Appointed to Review the Allowances Paid to Members of
Runnymede Borough Council**

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1. Introduction

1.1 The Local Authorities (Members Allowances) (England) Regulations 2003 (as amended) (the 2003 Regulations) require all local authorities to appoint an Independent Remuneration Panel (the Panel) to advise on the terms and conditions of their scheme of Members' Allowances. The Regulations require the Council to "have regard" to the advice of the Panel when approving a new scheme and in the past the Council have on three occasions adopted the Panel's recommendations in full. This is the sixth time that the Panel has considered the scheme.

1.2 The Council's present scheme of Allowances took effect on 1 April 2013 following the review in 2012. It requires the scheme to be "reviewed in or around October 2015, with a view to any revised scheme taking effect on 1 April 2016". The Panel has therefore been convened on this occasion to make recommendations on the scheme to be adopted with effect from 1 April 2016.

2. The Independent Remuneration Panel

2.1 The membership of the Panel is Mrs Annette Hayward (Ongar Place Primary School), Mrs Wendy Locker (Englefield Green Village Residents Association), Mrs Eiry Price (Thorpe Ward Residents' Association/Health), Mr Chris Edge and Mr Steve Dennett (Runnymede Business Partnership) and Mrs Solette Sheppardson (Voluntary Support North Surrey).

2.2 The Panel held three meetings to review the scheme.

3. Sources of Information

3.1 The Panel's review has had regard to the requirements of the 2003 Regulations and we also referred to the guidance issued by the Department of Communities and Local Government in 2001.

3.2 We looked at the Allowances paid by the other District/Borough Councils in Surrey and took into account the South East Employers' Members' Allowances Survey, published in 2015. This is the most up to date regional data which is currently available (www.seemp.co.uk).

- 3.3 The Panel also took account of a Paper produced for the 29th session of the Congress of Local and Regional Authorities, which took place on 20-22 October 2015, on the conditions of office of elected representatives across Europe, which had been supplied by Cllr Mrs Gillham.
- 3.4 We were keen to find out what Runnymede Councillors thought about the scheme. Comments were invited from all Members and a confidential questionnaire was circulated to all 42 Members and we received 21 responses by the deadline. These are summarised at **Annex 1**. The information obtained was very helpful to the Panel. We also took account of the various individual comments made by Councillors as part of their questionnaire responses.
- 3.5 We met separately with Councillor Pat Roberts, the Leader of the Council and Leader of Conservative Group, and Councillor Elaine Gill, the Leader of the Runnymede Independent Group, to discuss the scheme with them and to ascertain if they had any suggestions to improve the existing scheme. The Panel also met the Chief Executive who gave his views on the current roles and responsibilities of Councillors and on the scheme of allowances.
- 3.6 We looked at the methodology adopted by some Surrey Local Authorities for calculation of the Basic Allowance and level of Public Service Discount.
- 3.7 We noted the current composition of the Council by way of gender and age.

4. Current Scheme

- 4.1 The present scheme retains the core features that the Council adopted in 2001 following the first report of the Panel. This attempted to strike a balance between the voluntary public service work of a Councillor and a fair reimbursement for the time and expenses incurred by Councillors in the exercise of their duties. The view of the Panel in 2001 was that two thirds of Councillors' time should be treated as voluntary public service work and one third as paid work. At the time of the last review in 2012, the Panel recommended that 40% of time spent be remunerated instead of 33% as this represented a fairer recompense and might make the role of councillor more viable for people of working age. The Council accepted this recommendation.
- 4.2 Using this approach, the Basic Allowance was set at a level that equated to the average hourly rate for staff at Runnymede multiplied by the average time spent by Runnymede Councillors on Council business. The current Basic Allowance is £2,869 per annum.

- 4.3 According to the questionnaires returned by Councillors, the amount of time devoted to Council business by Runnymede Councillors is estimated at 43 hours each month, which was the same amount given at the last review.
- 4.4 Another feature of the present scheme is that Special Responsibility Allowances are paid at rates that are multiples of the Basic Allowance. The formulae for calculating each Special Responsibility Allowance is shown in the Table below.

Formulae used for calculation of each Special Responsibility Allowance

<i>Special Responsibility Allowance</i>	<i>Formula</i>	<i>Weighting</i>
Chairmen of Policy Committees	100% of Basic	100
Vice-Chairmen of Policy Committees	50% of Chairman's rate	50
Chairman of Overview & Scrutiny Select Committee	100% of Basic	100
Vic-Chairman of Overview & Scrutiny Select Committee	50% of Chairman's rate	50
Chairman of Planning Committee	175% of Basic	175
Vice-Chairman of Planning Committee	2/3rds of Chairman's rate	116.67
Chairman of Standards & Audit Committee	33% of Basic	33
Vice-Chairman of Standards & Audit Committee	12.5% of Basic	12.5
Chairman of Englefield Green Committee	25% of Basic	25
Chairman of Licensing Committee	100% of Basic	100
Vice-Chairman of Licensing Committee	50% of Chairman's rate	50
Chairman of Regulatory Committee	50% of Basic	50
Vice-Chairman of Regulatory Committee	50% of Chairman's rate	25
Members of Planning Committee	50% of Vice-Chairman's rate	58.33
Members of Corporate Management Committee not otherwise entitled to a SRA	50% of Vic-Chairman's rate	25
Leader of the Council	200% of Basic	200
Deputy Leader of the Council	25% of Leader's rate	50
Leaders of Minority Groups	75% of Basic	75

- 4.5 The budget for Basic and Special Responsibility Allowances in 2015/16 is £198,500.
- 4.6 In addition to these Allowances, Councillors are entitled to claim for the reimbursement of travel and subsistence incurred on approved Council business. Car mileage is reimbursed at the maximum rate that can be paid without incurring tax (currently 45 pence per mile) but other costs are reimbursed at the rates claimable by staff.

- 4.7 The scheme also provides for the reimbursement of the costs of arranging for the care of children or dependents while on Council business. This was introduced in 2001 but we understand that only one Councillor has so far claimed this allowance.
- 4.8 The current scheme is reproduced in full at **Annex 2** and the overall budget for Members' costs in the 2015/16 financial year is summarised below:

	£
Members' Allowances	198,500
Member Training, travelling and subsistence	8,063
IT facilities and training	<u>65,838</u>
	<u>272,401</u>

5. Our Review and Deliberations

Basic Allowance

- 5.1 The Basic Allowance aims to recognise the time commitment of all Councillors including such inevitable calls on their time as meeting with Officers and constituents and attendance at political group meetings. It is also intended to cover incidental costs such as use of their homes.
- 5.2 From the 21 Questionnaire responses, 17 thought that the current overall level of Members Allowances is unsatisfactory and 15 considered themselves financially disadvantaged as a result of their role as Councillor. Half of Councillors had not responded to the questionnaire and it could be argued that this suggested that they did not feel strongly on the subject.
- 5.3 Several Councillors commented on their questionnaire that Runnymede's allowances are low compared with allowances paid in Surrey and South East. We thought it was useful to compare the Basic Allowance with other Councils. The Basic Allowance paid in Runnymede is the lowest in Surrey and the second lowest in the South East. The range in Surrey Authorities is £2,869 (lowest – Runnymede) to £7,115 (Woking – where fewer Special Responsibility Allowances are paid). **Annex 3** shows the comparative data for the Surrey Authorities. The majority of the Surrey Authorities had executive arrangements, while Runnymede has retained a more traditional Committee structure.
- 5.4 We are aware of the current financial circumstances and budgetary pressures Runnymede Council faces and the wider economic climate. However, we did not feel these should influence our deliberations, but were factors Corporate Management Committee and full Council would rightfully take account of in considering our recommendations.

- 5.5 We continue to fully support the concept of treating the majority of Councillors' work as voluntary and ensuring that the financial burden of the scheme on taxpayers remains fair. However, the Panel emphasised that no person should be financially disadvantaged for being a Councillor.
- 5.6 We considered that the main reason for wishing to become a Councillor was to contribute to the community so were not convinced that the level of Basic Allowance was a major disincentive to someone wishing to stand as a Councillor. We felt it was the level of time commitment that was more of a disincentive, especially for young working persons with a developing career, business/or family responsibilities. Once elected, the time commitment might also be a factor in determining whether a Councillor decides to stand for further terms.
- 5.7 We considered that the Basic Allowance should be the focus of attention as it was low in terms of the work involved and in comparison with other local authorities in the region. The 7% increase recommended in 2010 had not been implemented for financial reasons and this has contributed to the historic low level of the Basic Allowance. We consider that steps should now be taken to address this historic deficit, otherwise the Basic Allowance will always lag behind and the deficit will become increasingly difficult to address. Therefore, the Panel recommend a 7% increase in the Basic Allowance in each of the next three financial years which at the end of that period would bring the Basic Allowance to £3,680. The Panel consider this would go some way to addressing concerns of those Members who felt they were not sufficiently rewarded. Such an increase would be robust and defensible, and would avoid the need to link annual uplifts to staff pay awards. We feel this represented a fairer recompense and might make the role of Councillor more viable for people of working age.
- 5.8 The Panel looked at an increase which would be in line with the mean average of Surrey Authorities and an increase to match the Surrey Authority which was most comparable to Runnymede (Tandridge at £4,012). However, in both cases this would result in a significant increase which would not be financially sustainable in the current financial climate.
- 5.9 We also reviewed the various methodologies used by other Surrey Authorities in calculation of their Basic Allowance. We noted that there is no consistent formula used. Some compare with allowances paid in other Authorities, some link it to RPI, others link it to staff hourly pay scales/pay awards. Since 2013, Runnymede has based its Basic Allowance on the average hourly rate of pay for RBC staff, multiplied by the average time spent by Runnymede Councillors on Runnymede business. The Panel supported continuation of this method of calculation.

- 5.10 Some consideration was given to the feasibility of a redistribution of part of the Special Responsibility Allowance paid to Planning Committee Members, which is the highest in Surrey, to enhance the Basic Allowance. However the Panel acknowledged that the Special Responsibility Allowance paid to Planning Committee members reflected the workload associated with being a member of that Committee and in any case such a redistribution would not make any significant difference to the Basic Allowance.
- 5.11 Runnymede's Public Service Discount, which is the element of time that is viewed as voluntary time given by a Councillor, is currently 60%, meaning that 40% of time spent on Council business is remunerated. Again, we have reviewed the Public Service Discount adopted in some Authorities and the level does vary. However, the percentage of time remunerated was increased at the last review and no change is considered necessary as this split reinforces the principle of the majority of a Councillors' work as voluntary. We still consider that a majority of Councillors' work should be treated as voluntary and that their positions are not salaried and that community service is a strong motivator for standing for election to the Council.
- 5.12 On the basis of the information reviewed we consider that it is still appropriate and easier to operate and understand if the Basic Allowance is based on the current average hourly rate of pay for RBC staff (£14.56). Therefore the new calculation would be:-
- Average RBC hourly pay (£14.56) x 43 hours x 40% = £250 per month
= £3,005 per annum. Therefore, applying the proposed 7% increase, the Basic Allowance would increase to £3,215 in 2016/17, £3,440 in 2017/18 and £3,680 in 2018/19.
- 5.13 Whilst this still results in Runnymede being the lowest in Surrey and second lowest in the South East, it would go some way to addressing the historic deficit, reflect more local factors, acknowledge the commitment of Councillors and address some of the concerns expressed by Councillors.
- 5.14 The Panel noted that some Members had suggested that the Basic Allowance be based on individual attendance levels to reward commitment, but the Panel accepted this was not legally permissible. Furthermore, the Panel noted that attendance at meetings was only one element of a Councillor's duties and if a minority of Members were not attending, this was a matter for Group Leaders to address.

PANEL RECOMMENDATION:

- i) the Basic Allowance continue to be based on the average hourly rate for RBC salaried employees and 40% of time spent be remunerated; and**
- ii) annual increases of 7% be applied to the Basic Allowance in the financial years 2016/17,2017/18 and 2018/19.**

6. Special Responsibility Allowance (SRA)

- 6.1 Special Responsibility Allowance recognises the level of responsibility, complexity, and extent of commitment of a limited number of Councillors who are expected to undertake roles on behalf of the Council that involve significant additional time and responsibility.
- 6.2 We consider that the current Special Responsibility Allowances, when compared with other Authorities, are at an appropriate level and should not be changed. As a result of this, there would no longer be a relationship between the Special Responsibility Allowances and Basic Allowance and no weighting would be applied.
- 6.3 We did assess the difference between the Special Responsibility Allowance paid to Leader and Deputy Leader, but again considered this reasonable. However, it was noted that the Special Responsibility Allowance for Leader and for Deputy Leader were low in comparison with other Authorities in the South East.
- 6.4 The Panel considered whether a Special Responsibility Allowance should be instituted for the Deputy Mayor. The feedback from the survey and Group Leaders indicated that such an allowance would be appropriate to acknowledge the time commitment in covering duties at times when the Mayor was unavailable or otherwise committed. The Panel accepted that 2014/15 and 2015/16 had been exceptional years for Mayoral/Deputy Mayoral duties as a result of activities associated with the 800th commemoration of the Magna Carta. However, the Panel considered that there was some merit in awarding a Special Responsibility Allowance and recommend that an allowance based on 25% of the Mayoral Allowance would be appropriate.
- 6.5 Some Members, through their questionnaire, had suggested that membership of Working Groups and service on outside bodies as appointees by the Council should warrant a Special Responsibility Allowance. Whilst we accept there are a number of Working Groups, and that two thirds of Members serve on outside bodies to varying degrees, they

do meet at varying frequencies and have varying workloads /responsibilities. This makes it difficult to establish a system of remuneration. We think that Working Groups are a sensible way of managing an organisation, but we are not persuaded that this requires another allowance. In relation to outside bodies, we would prefer any recognition to be tied to attendance and reporting back to the Council on the work of the outside body. However, the Council would also have to categorise which outside bodies merited payment, as some are more onerous than others, and monitoring systems for attendance and reporting back would need to be introduced. This would be administratively onerous. The Panel accept that as legally attendance allowances are not permissible, work on outside bodies would best be covered by the proposed enhanced Basic Allowance.

- 6.6 One area the Panel felt was worthy of consideration was when a Member took a major role on a special strategic project. In such circumstances, the Panel considered there may be justification for a time-limited Special Responsibility Allowance being paid as and when a particular project arises which involved a significant work commitment. The Panel did not wish to make a specific recommendation now, but acknowledged that it was a way of encouraging Member development on major projects. It is suggested that, as and when such a situation arose, the Panel should be canvassed.
- 6.7 Some Members had also suggested that a Special Responsibility Allowance should be paid to those Councillors who substitute on Committees, especially Planning Committee. The Panel considered that this could only really work if a designated pool of named substitutes were appointed at Annual Council at the start of the Municipal Year. The Councillors so appointed might be required to undergo relevant training in the work of the Committee(s). The drawback with such an arrangement is that it could restrict flexibility over future substitutions and would be administratively cumbersome. The Panel did not consider the matter in detail as it would require the Council to firstly amend its arrangements for substitutions. Therefore, it was not considered any change was necessary.
- 6.8 The relevant Regulations do not limit the number of Special Responsibility Allowances which may be paid, nor do they prohibit the payment of more than one Special Responsibility Allowance to any one Councillor. The Panel considered that, except for the Leader of the Council, there should continue to be a limit of a maximum of 2 Special Responsibility Allowances on the basis that there is a limit to the amount of time one Councillor can devote to their role and also to encourage a spread of workload and engage and develop an increased number of Councillors in positions of responsibility. In addition, the public may perceive that Councillors were claiming too much remuneration if Councillors accepted too many Special Responsibility Allowances. The Panel noted that there was no push for this from Group Leaders or from the survey respondents.

PANEL RECOMMENDATION:

- i) **a Special Responsibility Allowance for Deputy Mayor be introduced based on 25% of the Special Responsibility Allowance for Mayor;**
- ii) **no other change be made to the amounts and types of Special Responsibility Allowances;**
- iii) **as and when appropriate, Council consider the provision of a time-limited Special Responsibility Allowance for Councillors who participate in a major working group involved with a special strategic project, where this assists Member development or has local importance; and**
- iv) **retain the current maximum number of Special Responsibility Allowances which any Member may claim to a maximum of two, except for the Leader of the Council.**

7. Travel and Subsistence Allowances

- 7.1 We think that the rates paid under the present scheme are fair so we are recommending no changes.

PANEL RECOMMENDATION:

No change be made to Travel and Subsistence Allowances.

8. Dependant Carer's Allowance

- 8.1 We strongly support the continuation of the payment of a Dependant's Carers' Allowance where it assists a Councillor in the proper discharge of his or her duties. The payment of such an Allowance might assist in increasing the diversity of the Council membership and political groups should highlight more widely the availability of this Allowance in their recruitment of potential Councillors.
- 8.2 Consideration was given to linking reimbursement to other measures. However, it was difficult to find an appropriate measure and therefore the Panel considered that reimbursement should continue to be on the basis of 'fair and reasonable costs'.

PANEL RECOMMENDATION:

No change be made to the Dependant Carers' Allowance, but wider publicity be given to its availability by political groups at time of recruitment of potential Councillors.

9. Members' Allowances Scheme 2016/17

PANEL RECOMMENDATION:

The Members Allowances Scheme set out at Annex '4' and based on the recommendations in this report be adopted with effect from 1 April 2016.

10. Conclusions

- 10.1 The Panel is appreciative of those Councillors who completed their questionnaires and to the Group Leaders and Chief Executive of the Council who attended for interview.
- 10.2 The Panel recognises the valuable work undertaken by Runnymede Councillors on behalf of their residents. The Council is fortunate to have high quality Councillors who worked together to progress service delivery.
- 10.3 The scheme we recommend we consider to be fair, simple, justifiable and logical.
- 10.4 We have reaffirmed the principle that the voluntary nature of the Councillors' role should not be subordinated to the principle of paying Councillors. We recognise that the scheme should fairly recompense those Councillors who devote a considerable amount of time to Council business. We hope that the recommended increase to the Basic Allowance over each of the next 3 years will go some way to addressing the historical deficit and concerns of some Councillors, and remove any potential barrier to anyone wishing to become a Councillor or deter existing Councillors from fulfilling their full role.
- 10.5 Finally, the Panel strongly recommends that the Council adopts its recommendations as a failure to do so will, in its opinion, exacerbate the historical deficit of the Council's Allowances when compared with other Local Authorities in Surrey and the South East.

Mrs A Hayward: _____

Mrs W Locker: _____

Mrs E E Price: _____

Mrs S Sheppardson: _____

Mr C Edge: _____

Mr S Dennett: _____

Dated: January 2016