

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

January 2013

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1. Introduction

1.1 The Local Authorities (Members Allowances) (England) Regulations 2003 (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 fifth time that the Panel has considered the scheme.

1.2 The Council's present scheme of Allowances took effect on 1 April 2010 following the review in 2009. It requires the scheme to be "reviewed in or around October 2012, with a view to any revised scheme taking effect on 1 April 2013". The Panel has therefore been convened on this occasion to make recommendations on the scheme to be adopted with effect from 1 April 2013.

2. The Independent Remuneration Panel

2.1 The new 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), Dion Scherer (Runnymede Business Partnership) and Mrs Solette Sheppardson (Voluntary Support North Surrey).

2.2 The Panel held four 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.

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 2012. This is the most up to date regional data which is currently available (**Annex 1**).

- 3.3 We received information on the number of Councillors for each Surrey Authority and Hart District Council, and number of Wards and Councillors per Wards in those Authorities.
- 3.4 We were keen to find out what Runnymede Councillors thought about the scheme. We invited comments from all Members and so we circulated a confidential questionnaire to all 42 Members and received 22 responses by the deadline. These are summarised at **Annex 2**. The information obtained was very helpful to the Panel. We also took account of the various 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 Councillor Alan Alderson, 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.
- 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, age and employment status.
- 3.8 We took account of the views of the Council's Overview and Scrutiny Select Committee expressed in 2011.

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.
- 4.2 Using this approach, the Basic Allowance was set at a level that equated to one third of the average hourly rate for all employment in Great Britain multiplied by the average time spent by Runnymede Councillors on Council business. The current Basic Allowance is £2,335 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.

- 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 |
| Chairmen of Licensing Sub-Committee | 25% of Basic | 25 |
| Vice-Chairmen of Licensing Sub-Committee | 50% of Chairman's rate | 12.5 |
| 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 2012/13 is £157,700.
- 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 All Councillors are provided with a laptop and a printer if required by the Council together with a broadband connection in their own homes if they don't have their own. They receive technical support from Runnymede's IT Section and the total cost of this package in 2012/13 is £76,734.

- 4.8 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 no Councillor has so far claimed this allowance.
- 4.9 The current scheme is reproduced in full at **Annex 3** and the overall budget for Members' costs in the 2012/13 financial year is summarised below:

| | |
|---|----------------|
| | £ |
| Members' Allowances | 157,700 |
| Member Training, travelling and subsistence | 6,845 |
| IT facilities and training | <u>76,734</u> |
| | <u>241,279</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 22 Questionnaire responses, 18 thought that the current overall level of Members Allowances is unsatisfactory and 14 considered themselves financially disadvantaged as a result of their role as Councillor. Nearly 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 comment 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 lowest in the South East. The average Basic Allowance for the South East is £4,535 and the highest is £7,115. The range in Surrey Authorities is £2,335 (lowest – Runnymede) to £7,115 (Woking – where no Special Responsibility Allowance is paid and all Councillors receive the same Allowance irrespective of their duties). We noted that eight 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, the staff pay freeze 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 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
- 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 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 fulfils their full term of 4 years.
- 5.7 We considered that the Basic Allowance was low in terms of the work involved and the lowest in comparison with other local authorities in the region. The 7% increase recommended in 2010 has not been implemented for financial reasons and this has contributed to the historic low level of the Basic Allowance. We consider this historic deficit needs to be addressed, otherwise the Basic Allowance will always lag behind and the deficit will become increasingly difficult to address.
- 5.8 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 the national minimum wage, others link it to staff hourly pay scales. Runnymede has traditionally based its Basic Allowance on the average hourly rate for all employment in Britain, multiplied by the average time spent by Runnymede Councillors on Runnymede business.
- 5.9 Runnymede Public Service Discount, which is the element of time that is viewed as voluntary time given by a Councillor, is currently 66%, meaning that only one third of time spent on Council business is remunerated. Again, we have reviewed the Public Service Discount adopted in some Surrey Authorities and the level does vary.
- 5.10 On the basis of the information reviewed we consider that it would be more appropriate and easier to operate and understand if the Basic Allowance is based on the average hourly rate of pay for RBC staff (£13.90) and not the average hourly rate of pay for Great Britain. Furthermore, we consider that it is now time for the level of Public Service Discount to be reviewed. 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 election to the Council. However, we would recommend that 40% of time spent is remunerated instead of the current 33%. We feel this represented a fairer recompense and might make the role of Councillor more viable for people of working age. Therefore the new calculation would be:-

Average RBC hourly pay (£13.90)
x
43 hours
x
40% = £239 per month
= £2,869 per annum
= £534 increase per annum

- 5.11 Whilst this still resulted in Runnymede being the third lowest in the South East, it would go some way to addressing the historic deficit, reflect more local factors and the commitment of Councillors. This linkage had already been informally acknowledged by Members, as the previously recommended allowance increase had not been taken, partly due to staff pay being frozen. Any future annual uplifts should also be made in line with annual staff pay awards, if any, and not RPI. The Basic Allowance above does not take into account any staff pay rise in 2013/14, but the Panel would wish to see that done. The previously recommended 7% rise had not been implemented and taken by Councillors and, therefore, the Panel's deliberations had been based upon the actual current levels of Allowances. The Panel considers it prudent for the Council now to withdraw this 7% rise when considering the Panel's recommendations.
- 5.12 The Panel would prefer the Basic Allowance to be based on individual attendance levels to reward commitment, but accepted this was not legally permissible. However, the Panel noted that attendance at meetings was only one element of a Councillor's duties and if Members were not attending, this was a matter for Group Leaders to address.
- 5.13 The issue of the Mayoral Allowance was outside the remit of the Panel's review and would be dealt with separately from Members' Allowances.

PANEL RECOMMENDATION:

- i) The Basic Allowance be based on the average hourly rate for RBC employees and 40% of time spent be remunerated with any future annual uplifts linked to staff pay awards; and**
- ii) the Council, in its deliberations of the Panel's recommendations, agree that the previously recommended increase of 7% in Allowances be withdrawn.**

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 involves significant additional time and responsibility.

- 6.2 We consider that the relationship between the Basic Allowance and Special Responsibility Allowance is right and there is no need for change.
- 6.3 We did assess the difference between the Special Responsibility Allowance paid to Leader and Deputy Leader, but again considered this reasonable and no need for change. However, we noted that the Special Responsibility Allowance for Leader was the second lowest in the South East and third lowest for Deputy Leader.
- 6.4 In the light of recent legislative changes to the local government Standards regime, the Council must appoint from its membership a Chairman and Vice-Chairman of the Standards and Audit Committee. Previously, the Council was required to appoint two independent persons, non Councillors, to sit on the Committee and one of those persons had to be the Chairman. The Chairman was paid £779 and the other independent person £291.
- 6.5 Under the new arrangements there was no longer a requirement to have independent persons sitting on the Committee or for one of them to be its Chairman. The Committee now has to be constituted solely of Members and has to be politically balanced. In view of the workload involved, we consider that it would be appropriate to maintain the Allowances paid to previous Chairman (£779) and Vice-Chairman (£291) to be backdated to when the law changed.
- 6.6 The current scheme makes provision for allowances to be paid to Chairman and Vice-Chairman of a Licensing Sub-Committee. The Licensing Sub-Committee meets on an ad hoc basis and has no permanent Chairman and Vice-Chairman, and appoints a Chairman at each meeting. On this basis, the Panel consider that there is no need to retain this allowance.
- 6.7 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, they do meet infrequently and have varying workloads. 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. The Panel accept that as legally attendance allowances are not permissible, work on outside bodies would best be covered by the Basic Allowance.

- 6.8 Some Members had also suggested that a Special Responsibility Allowance should be paid to those Councillors who regularly substitute on Planning Committee. The Panel considered that this could only really work if named substitutes were appointed at Annual Council at the start of the Municipal Year and the Councillors so appointed must be required to undergo relevant training in the work of that Committee. The drawback with such an arrangement is that it could restrict flexibility over future substitutions. Again, it was not considered any change was necessary.
- 6.9 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 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. In addition, the public may perceive that Councillors were claiming too much remuneration if Councillors accepted too many Special Responsibility Allowances.

PANEL RECOMMENDATION:

- i) provision for allowances for Chairman and Vice-Chairman of the Licensing Sub-Committee be deleted;**
- ii) no other change be made to the levels and types of Special Responsibility Allowances;**
- iii) the Chairman and Vice-Chairman of Standards and Audit Committee be paid an allowance of £779 and £291 respectively; and**
- iv) the number of Special Responsibility Allowances which any Member may claim be limited 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 the availability of this Allowance in their recruitment of potential Councillors.

8.2 Reimbursement should continue to be on the basis of 'fair and reasonable costs'.

PANEL RECOMMENDATION:

No change be made to the Dependant Carers' Allowance.

9. Pensions

9.1 The 2003 Regulations currently give the Council the discretion to treat Members' Allowances as pensionable. We also note that the Government has announced a consultation on ending state-funded pensions for Councillors from April 2014. The Panel is of the view that no pension provision for Councillors should be made.

PANEL RECOMMENDATION:

No pension provision be made in respect of Allowances.

10. Members' Allowances Scheme 2013/14

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 2013.

11. Conclusions

11.1 The Panel is appreciative of those Councillors who completed their questionnaires and to Group Leaders who attended for interview.

11.2 The Panel recognises the valuable work undertaken by Runnymede Councillors on behalf of their residents.

11.3 The scheme we recommend we consider to be fair, simple, justifiable and logical.

- 11.4 We have reaffirmed the principle that the voluntary nature of the Councillors' role should not be subordinated to the principle of paying Councillors. However, we did feel some adjustment was necessary. We recognise that the scheme should fairly recompense those Councillors who devote a considerable amount of time to Council business. We hope that the revised method of calculation of the Basic Allowance will address the historical deficit and concerns of some Councillors, introduces a more appropriate local linkage and remove any potential barrier to anyone wishing to become a Councillor or deter existing Councillors from fulfilling their full role.
- 11.5 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 the South East.

Mrs A Hayward:

Mrs W Locker:

Mrs E E Price:

Mr D Scherer:

Mrs S Sheppardson:

Dated: February 2013